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NEWS SUMMARY

GENERAL

Britain in new Rhodesia initiative

Britain is sending a senior official to Salisbury to develop "the closest possible contact" with the new Government there, and is also despatching a high-level emissary to black Africa.

This was announced by Lord Carrington, the Foreign Secretary, who also said that Mr. Richard Luce, a junior Foreign Office Minister, will leave tonight on a tour of three African capitals to study prospects for an internationally-negotiated Namibia settlement.

Lord Carrington and Mr. Cyrus Vance, U.S. Secretary of State, meet today in a bid to formulate a new joint Rhodesia strategy. Back Page; UK Emissary, Page 13; Namibia Assembly, Page 6

Thorpe trial

Ex-model Norman Scott admitted to an Old Bailey jury that he lied to several people that he had a sexual relationship with Jeremy Thorpe after meeting him only once in 1961. Thorpe and three others deny conspiring to murder Scott. Thorpe also denies an incitement to murder charge.

Massacre claim

Emperor Bokassa of the Central African Empire admitted that his troops killed scores of students in riots last month. The country's ambassador to Paris supported Amnesty International claims that schoolchildren were also killed.

Begin arrives

Premier Menahem Begin of Israel flew into London amid tight security at the start of a three-day private visit. The Israeli leader is flying to Cairo on Sunday for talks with Egyptian President Anwar Sadat.

Refugee plea

Hong Kong has urged Britain to accept some 900 Vietnamese refugees rescued by a British freighter from two boats about 100 miles from Vietnam.

Menten retrial

The Dutch Supreme Court ordered the retrial of former Nazi SS officer Pieter Menten on war crimes charges. Mr. Menten said through his lawyer that he was confident he would be acquitted.

Amin reports

As Uganda's new rulers started drawing up murder charges against "Major" Bob Astles, UK-born adviser to ousted President Idi Amin, reports from Libya and Nairobi suggested that Amin was in northern Uganda preparing a new offensive.

Belfast bombed

Bombers struck in the commercial heart of Belfast, destroying the offices of an insurance company and estate agents.

Siege ends

An East London siege in which a husband held his wife and daughter hostage at knife-point for 20 hours in their maisonette, ended when police stormed the building.

5,000 protest

Scores of people were injured when 5,000 demonstrators in San Francisco, angered by a court's allegedly lenient sentence on the killer of the city's mayor, went on the rampage.

Briefly . . .

Two computer experts jailed for a £27,000 blackmail bid against ICI won sentence reductions in the Court of Appeal.

U.S. Air Force General W. Y. Smith has been appointed Chief of Staff of Supreme Headquarters Allied Powers Europe.

London's Elizabeth Garret Anderson Hospital was reprived by the Government after a long fight for survival.

BUSINESS

Gold at new high; Equities up 6.9

● EQUITIES traded more steadily and in late business the FA ordinary index moved 6.9 up to close at the day's best of 517.6. The Gold Mines index rose 6.9 to 183.2, its highest for 3 months.

● GILTS moved narrowly and the Government Securities index closed 0.10 down at 72.58.

● STERLING staged a later recovery and closed 20 points up at \$2.0455, with its trade-weighted index rising to 66.7 (66.6). The dollar lost ground against European currencies and its index closed at 86.9 (86.8).

● GOLD rose \$2 to another record closing level of \$263½ in London.

● SILVER rose to new peaks with the London bullion spot quotation up by 5.65p to 418.55p

an ounce, following the rise in gold and a rise in the New York market overnight. Page 31

● WALL STREET was 0.87 up at 843.30 just before the close.

● GESSLER COMMISSION, which has been investigating West German banking practices for the past five years in the wake of the Herstatt bank collapse in 1974, has put forward wide-ranging proposals to reduce the banks' considerable power over German industrial companies. Back page

LABOUR

● TAX OFFICIALS have warned that Revenue work would be left undone because of the Government's decision to halt Civil Service recruitment and promotion for at least three months.

● TGWU rank and file members, in motions set down for the union's July conference, have called for secret ballots before any industrial action is taken. Page 12

● IRISH BANK workers have decided not to handle transactions from Punts to Sterling, following a rejection of their 4 per cent demand for the extra work involved in Sterling-Punt transactions. Back Page

● SOUTH WALES miners are to press for an all-out strike in protest at pit closures, following the NCB's rejection of a last plea by the NUM to keep open the Deep Duffryn colliery in South Wales. Page 12

● NCB and Shell are to collaborate on the development of coal mining projects throughout the world. Page 12

COMPANIES

● FISONS has warned shareholders that first half 1979 profits could be well down, but the chairman, Sir George Bolton, is confident that the second half should show some recovery. Page 21 and Lex

● SIP, Italy's telephone operating company and its largest investor, reports oparating losses of L200bn (£233m) in 1978 and will not be paying a dividend. Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Stakis (Reo.)	57½	+ 2¼
IATs Defd.	285	+ 7	Thermal Syndicate	124	+ 16
Boots	314	+ 7	Uniflex	98	+ 8
Brown (J.)	537	+ 9	Shell Transport	754	+ 14
Corn Exchange	340	+ 30	Tricentrol	216	+ 14
Dixon (D.)	146	+ 6	Kulim	56	+ 5
Empire Stores	244	+ 10	Anglo-Transvaal	£15	+ 1
Fairbairn Lawson	36	+ 3	General Mining	630	+ 30
IAS Cargo	121	+ 14	Hartebeest	£17¾	+ 1½
Jenks & Cattell	110	+ 11	Randfontein	£31	+ 1¼
Lloyds Bank	322	+ 6	RTZ	316	+ 6
Marks & Spencer	115	+ 4	UC Invests.	330	+ 14
Mining Supplies	107	+ 22	FALLS		
North Brit. Props.	115	+ 10	ANZ	297	− 8
P & O Defd.	94	+ 4	Fisons	268	− 10
Racal Elect.	477	+ 9	Hardy (Furnishers)	164	− 16
Savoy A	117	+ 6	Horizon Midlands	245	− 7
Spillers	421	+ 2	Tilling (T.)	150	− 13

Spending cuts to start at once—Howe

BY PETER RIDDELL, Economics Correspondent

THE GOVERNMENT intends to make a "substantial start at once" on cutting the volume of public spending, and will use cash limits "vigorously" as an effective control on expenditure, said Sir Geoffrey Howe yesterday in his first Commons speech as Chancellor of the Exchequer.

He stressed the need for strong economies in both central and local authority expenditure to offset some of the impact of recent pay awards. Cash limits will be adjusted for only part of the cost of these settlements.

The tough line on public spending in the current financial year was the highlight of a speech in which Sir Geoffrey outlined the main aims of Conservative economic policy without giving hints about the content of the Budget on June 12.

Sir Geoffrey developed the theme of a "dismal inheritance" from Labour and said he had found "little trace of the foundations of a sound economy." But there were no signs of an attempt to use these problems as an excuse for reducing expectations ahead of the Budget.

A substantial reduction in spending plans was necessary to make room for cuts in personal taxation and maintain monetary discipline. The total reduction in spending would need to be achieved progressively in the next few years.

"But we must make a substantial start at once, and I shall announce in the Budget specific reductions in previous plans for this year."

The strength of this commitment is slightly surprising, since it had been expected that any cuts in spending this year would not be significant, and that the expenditure review would not really bite until 1980-81.

Sir Geoffrey's remarks were imprecise, though it is known that officials are, for example, looking for savings in employment subsidies.

The strong line on cash limits strengthens the policy guidelines announced by the Labour Government at the end of February. These were essentially that a substantial part of any pay awards above the official limits would have to be offset by savings elsewhere.

It is now clear that these guidelines are to be applied strictly with, for instance, a ban on Civil Service recruitment for at least three months, and a 3 per cent squeeze on the pay component of the central Government cash limits.

There will be exceptions for the armed forces, health authorities and universities. As before, there will be no increase in the published limits to accommodate higher-than-expected price rises on bought-in goods and services.

There will, however, be a tightening of policy in relation to local authorities, where there will be a "significant across-the-board reduction" in the additional rate support grant as calculated after taking account of recent pay settlements.

The net effect of this squeeze will be to limit the size of public-sector borrowing, and will give Sir Geoffrey more room for income tax cuts. But he conceded that there would have to be increases in indirect taxes.

Earlier in the debate Mr. Denis Healey, the former Chancellor, had said that the Tory promises did not add up and could not be reconciled with a reduction in public-sector borrowing.

Mr. Healey disclosed that public-sector borrowing in 1979-1980 was estimated at £10.5bn after taking account of the increase in personal income-tax allowances announced on April 3. This is before any Budget changes.

He then confirmed that a combination of the strict application of cash limits and a transfer of export credit finance to the private sector would have saved £550m.

He did not give other details of his Budget, but gave a strong hint that he might have looked for some revenue by increasing the burden on companies through raising Advanced Corporation Tax, deferring payments on Regional Development Grants, and increasing taxes on betting and Petroleum Revenue Tax.

Mr. Healey challenged Sir Geoffrey to say how he would cut both direct taxes and borrowing without a substantial rise in indirect taxes.

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Jobless falls

Unemployment has fallen for the third successive month. The number of adults out of work fell by 30,700 to 1.31m in the month to mid-May on a seasonally adjusted basis.

Local authorities told to freeze recruiting

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT launched its second major drive to reduce public sector manpower yesterday, when it told local authorities and union leaders that it was looking for a freeze on recruitments "wherever possible."

Mr. Michael Heseltine, Environment Secretary, said afterwards that the rate support grant increase would be fixed in the light of the authorities' response. The Government expected them to follow the example it has set in putting a three-month freeze on civil service recruitment.

Mr. Heseltine's announcement brought an immediate angry reaction from Mr. David Basnett, general secretary of the General and Municipal Workers Union. The announcement, he said, sounded like "a declaration of war" and indicated that pre-election talk of a confrontation between the unions and the Government might now become a reality.

The Minister said he was looking at ways of dealing with the possibility that some authorities might not follow the spirit of the instruction.

This early move to cut the number of local authority employees—at present 2.66m—is likely at first to be by natural wastage. No time limit and no figures were given yesterday. But Mr. Heseltine made it clear that the decision was an attempt also to offset in part the cost of pay rises for manual workers, teachers and staff which will be paid over the next months.

The cash limits set by the last Government (and based on the then 5 per cent pay policy) would not be raised in order to meet the full cost of those settlements.

The speed of the announcement appears to have come as a surprise to the unions. With the major ones holding annual conferences, there were only three union leaders at yesterday's meeting with Mr. Heseltine.

Mr. Basnett said the announcement was "the most inept, damaging occurrence we ever come across in the field of public services." He added that the TUC's public services committee would be meeting to co-ordinate the union's response "to this most reactionary step."

Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association, said he was not surprised but was dismayed by the manner of the cuts. Services had only just begun to recover from the last Government's public expenditure cuts.

The three major local authority associations, all Conservative-controlled, appear likely to accept the request to freeze recruitment.

The Association of Metropolitan Authorities said the freeze on manpower recruitment was "acceptable" but more unease was expressed about the possibility of expenditure cuts.

In particular the local authorities would be concerned if the rate support grant increase orders are not paid in full to meet the cost of wage settlements in the local authority sector with, for example, the teachers.

Meanwhile the Civil Service unions were reflecting on the Monday's announcement that recruitment to the Service is to be frozen for three months.

The Inland Revenue Staff Federation which is holding its annual conference in Scarborough, warned that revenue work would be left undone because of the Government's action.

$ in New York

—	May 21	Previous
Spot	\$2.0460-0460	\$2.0520-0530
1 month	0.30-0.25 dis	0.20-0.15 dis
3 months	0.73-0.68 dis	0.76-0.71 dis
12 months	2.20-2.10 dis	2.20-2.10 dis

Tilling seeks £57m to expand

BY CHRISTINE MOIR

THOMAS TILLING is asking its shareholders for another £57m to finance further expansion just two years after its last £32m rights issue.

Although it claims to have sufficient internal resources to carry out its current programme, Mr. Patrick Meaney, the managing director, said: "It was a good time to come to market. The share price was right. Our growth record was supported by our latest figures. And the market seemed right for issues."

The market greeted the one-for-five issue, pitched by underwriter J. Henry Schroder Wagg at 138p, by marking Tilling's share price down 13p to 150p. At this level shareholders are being offered a mere 8 per cent discount to the market.

The dividend is to be increased by 24.5 per cent to 6p which offers an unremarkable ex rights yield of 6.1 per cent. Nevertheless success seems assured. Institutions own 70 per cent of Tilling's shares and the issue has been sub-underwritten by 400 institutions.

It is the third largest issue this year, topped only by Standard Chartered Bank's £76m call and the £62m raised by Rank Organisation. To date the total amount of new capital raised through rights issue this year is £334m.

Tilling explains its plans for the new capital in almost identical terms to those it gave in 1977—more acquisitions and more internal development, both at home and abroad.

It rests its justification on the way it spent the last tranche. Last year sales topped the £1bn mark for the first time and pre-tax profits hit £65m, for a 50 per cent increase in earnings in two years.

Over the two-year period most of the expansion has been concentrated on the U.S. where directors spent \$182m (£90m), acquiring 13 companies.

In the UK and Europe, acquisitions cost only £15m but £71m was spent on new machinery and general re-equipping. In the second part of the expansion programme Mr. Meaney explains that acquisitions and expanding existing interests will probably absorb equal amounts of available funds. Attention will also now turn away from the U.S. to Europe.

The company is also taking the opportunity to increase its authorised share capital by £15m to £85m.

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Algeria seeks further oil price rise

BY KEVIN DONE, ENERGY CORRESPONDENT

ALGERIA yesterday stunned world oil markets by calling on its crude oil customers to accept a price increase of \$2.45 a barrel.

The Algerians wish to make the price increase effective from last Wednesday and if it is implemented in full it will push up the price of its main Saharan blend to \$21 a barrel, an increase of 48.9 per cent since the end of last year.

Several other members of the Organisation of Petroleum Exporting Countries (OPEC) have announced increases of 60-80 cents a barrel in recent days, but the scale of Algeria's action has clearly shocked the oil industry.

Algeria is a medium-sized oil producer with an output of about 1.225m barrels a day. It accounts for some 4.2 per cent of OPEC production.

It has told the companies which lift Algerian crude that it considers that the realistic price of the OPEC "marker crude," Arabian Light, is now \$17 a barrel.

Saudi Arabia is still charging \$14.55 a barrel for its light crude and is the only OPEC producer that has not yet introduced surcharges on most of its production.

Its attempt to moderate oil price increases has left the OPEC structure in disarray, however, and its price levels are now more than \$2 a barrel lower than those being charged by other OPEC members.

Algeria has decided unilaterally that the effective "marker" price is now at least \$17 a barrel—the Iranians are charging \$17.17 a barrel for their light crude, which is similar to Sandi Arabian Light—and it appears intent on using this as the basis for its future pricing policy.

Algeria has traditionally taken a hawkish position on oil prices and after the last OPEC meeting in March it took advan-

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Talks on shortfall

BY KEVIN DONE, ENERGY CORRESPONDENT

OIL INDUSTRY leaders are to meet the Government today to discuss ways of meeting the continuing shortfall in oil supplies amid indications that two of the major UK oil suppliers, Esso and Mobil, are to begin rationing deliveries.

Mr. Hamish Gray, the Minister of State for Energy, is expected to attend the meeting with the oil companies which has been specially summoned by the Department of Energy.

The oil industry has made it increasingly clear in recent days that they consider that it is up to the Government to take a lead in spelling out the need for greater energy conservation.

The Government's main response so far has been to arrange for more coal to be burned in the power stations as a substitute fuel for oil.

This action could cut oil consumption by as much as 2m tonnes in the six months to the end of September and take the UK towards its target — agreed with the other major industrialised nations — of cutting oil consumption by 5 per cent.

The oil companies are expected to impress on the Government today that at present demand levels they are unlikely to be able to rebuild oil stocks to provide adequate supplies next winter.

Several oil companies, such as Texaco, Gulf, Total and Burmah, have already been rationing deliveries of oil products for several weeks, but two other major UK suppliers, Mobil and Esso, made clear yesterday that they are also close to implementing allocation systems.

Mobil is still only receiving 91 per cent of last year's deliveries of crude oil. So far this year it has been running down its stocks to make up the shortfall, but its reserves are now close to the minimum level required by the Government.

It said yesterday that it will have to cut back deliveries to customers by at least 10 per cent and the allocation system would have to be introduced very soon.

Ireland takes over as President of EEC Ministers' Council

Determined to follow a positive line

BY GILES MERRITT IN BRUSSELS

Mr. Roy Jenkins Mr. Michael O'Kennedy

At 11.45 this morning, Ireland's youthful Foreign Affairs Minister, Mr. Michael O'Kennedy, will begin his take-over of the EEC Council of Ministers. For many people it is a consummation devoutly to be wished, as the expiring French presidency and the West German one before have at best been seen in Brussels as mixed blessings.

Ireland not only shares with other of the smaller EEC members a reputation for running efficient presidencies but also has the track record of a glittering performance in the chair during the first half of 1975. The Council presidency nowadays has an even greater importance, because of the growth of political co-operation talks that are outside the competence of the Brussels Commission and because of the proliferation of Euro-summits.

The Irish are once again determined to make their mark and demonstrate that the job need not be an object lesson in administrative inefficiency or national self-interest. When Mr. O'Kennedy arrives at the Berlaymont today he will spend half an hour in private conversation with Mr. Roy Jenkins, the EEC Commission President, and will then further outline his aims and intentions in an hour-long session with the 13-man Commission. It may well be, though, that he will wait until the informal working lunch which follows quietly to assure the commissioners that a more positive, Community-minded approach to the Council presidency will become apparent from July 1.

For Dublin is concerned not to appear too openly critical of the preceding presidencies of West Germany and France. Yet both, in different ways, have at times been the despair of the Commission Eurocrats pushing for Community progress or member governments which *must abide* by the EEC's complex decision-making process. The second half of last year was marked by uncharacteristic German inefficiency, apparently due to poor co-ordination between the various ministries in Bonn. It culminated last December in what one observer called "absolute shambles," with senior national officials being scheduled to attend several different meetings at the same time.

The German handover of the chair to France was little better. Ideally, the process should be smooth and co-operative, to minimise the administrative hiccough that inevitably accompanies the change of presidency. But with Bonn and Paris at odds over an agricultural subsidies wrangle that was holding up introduction of their jointly-sponsored European Monetary System (EMS) the atmosphere was bitter and the first two months of 1979 were a fallow period for EEC policy-making.

The French performance, by most accounts, has been less a sin of commission that omission. Almost half of the 30 EEC ministerial councils scheduled for the first five months of this year have been cancelled. Some of the cancellations have been caused by a genuine desire to prevent ministerial time being wasted on slim agendas, and others by the French Government's concern to avoid airing controversies in advance of the tricky June 10 direct elections to the European Parliament. A fair proportion of the cancellations, say more critical diplomats concerned meetings "at which France had nothing to gain."

The Irish are once again determined to make their mark and demonstrate that the job need not be an object lesson in administrative inefficiency or national self-interest.

Ireland does not take that view of the presidency's prerogatives, nor could it afford to. As Dr. Garrett Fitzgerald, the Fine Gael opposition leader who was formerly Foreign Minister, remarked after his successful tenure of the EEC chair four years ago:

"Unless we can make a visible contribution, necessarily of a non-monetary kind, and gain good will from a positive approach, we are in danger at some time of somebody asking 'Why should we contribute so massively to the Irish economy? What do we get in return?'"

But the difference for the Irish Republic, this second time around in the rotating presidency, is that in 1975 it had little or no national interests to champion. The latter half of this year, however, will see moves on a number of issues that could be to Ireland's disadvantage. First, the UK and Italy are almost certain to demand a fundamental reform of the Common Agricultural Policy and its anomalous effect on their contributions to the EEC budget. The farm price structure of the CAP has been, and continues to be, a foundation stone of Ireland's economic take-off in the 1970s. Ireland will probably try to play for time by pushing the issue into 1980.

Second, the question of enlargement of the Community to 12. The Irish presidency will see the opening of substantive negotiations with Spain and Portugal, while Greece with its 1981 membership target will be taking part in an increasingly close consultation procedure with the Nine on issues that affect Athens. One view is that Ireland will only be starting the ball rolling in the second phase of enlargement talks; another is that unless Dublin wishes to risk losing out on an agricultural and regional fund cake that will be divided into more and therefore smaller pieces, it had better move for an early discussion of the financing of enlargement.

Third, the steps that can be taken to encourage greater convergence of member states' economies will also come under the spotlight. In effect, this revolves around the richer EEC countries' possible transfer of resources to their poorer partners, and Ireland's interest in the matter can be taken to be in direct proportion to its position at the bottom of the EEC wealth league. Fourth, there is the hope that Ireland will preside at an eventual conclusion to the Community fishing dispute. The Irish have a strong interest in the outcome and are thus in a slightly invidious position. But as one top Eurocrat observed recently, without noticeable humour: "It would be best if the Irish settled it. The trouble with fish is that it really won't keep."

Over and above these four potentially difficult topics, Ireland must preside over the review in September of the first six months of EMS and possibly talks on Britain's joining the currency "supersnake." Determining short-term measures to combat the worsening energy crisis will also be an important ministerial problem, with the defining of objectives for 1980—a task slated for the second half of this year.

All these issues will be sketched out today by Mr. O'Kennedy, and set in relation to the timetable of council meetings that the Irish Government drew up as early as February. There will also, no doubt, be discussion of the organisational steps Ireland has taken to ensure the smooth running of its presidency. For the Irish civil service has undergone a flurry of preparatory reshuffles, of which perhaps the most significant was the appointment last September of its No. 2 in the Brussels permanent representation, Mr. Andy O'Rourke, 47, to head the foreign service.

But Mr. O'Kennedy does not intend to lay all his cards on the table. The Irish Government has ideas for perhaps two "initiatives," and is giving no clues as to what they might be. In much the same way as the German presidency can claim credit for the spadework of the GATT trade package and the impetus that launched EMS, and France will be able to point to the finalisation of GATT and possibly of the Lome 2 aid and trade pact with developing countries, Ireland wishes for something significant to be remembered by.

The Irish concern is partly to avoid spoiling any initiative by premature action, and partly to avoid antagonising France by a show of impatience. But the overriding factor is Mr. O'Kennedy's determination to get off on the right foot with the newly-elected 410-seat European Parliament. His first public declaration of Ireland's plans for the presidency will be when he addresses the newly-assembled Parliament in Strasbourg on July 17, and it is intended as a disarming gesture.

Ireland is comparatively keen to see the directly elected assembly obtain some of the greater powers it is strictly entitled to. For a small EEC country, a more influential Parliament could help counter-balance the weight of the Commission and the clout of the four largest member States. But it will need luck and careful handling to ensure that Ireland does not become awkwardly caught in the cross-fire between the Council of Ministers and Parliament that may be the *hallmark* of the second *half* of this year.

Eurofer seeks easing of prices

By Our Brussels Staff

EUROPEAN STEEL producers grouped in Eurofer are pressing the Brussels Commission for an increase in the guidance prices and output limits imposed by the Davignon plan.

The Eurofer negotiators are taking part in talks this week with Commission officials on the degree to which the anti-crisis plan could be relaxed in the third quarter of this year. The Commission is understood to be reluctant to agree to major changes in the guidance prices set at the start of this year, and has argued that increases in the EEC's steel output could depress price levels.

Eurofer, the Brussels-based "club" that represents 95 per cent of all steel producers in the Nine, is basing its demands on the perceptible strengthening of the market in recent months. It says demands for flat products has increased strongly; order books in some cases show a 30-40 per cent rise. Total EEC crude steel production will show a further increase for the second quarter of this year, reaching 34.5m tonnes against the first quarter level of 34.35m tonnes.

The organisation also believes that although price increases have been patchy, both in terms of products and national markets, rises of 5-10 per cent have occurred so far this year. With the market for steel now slightly buoyant, it is pointing out that real prices are now generally well above the Davignon plan guidance prices.

Its case is that the lower guidance prices risk pushing market prices back down. On the question of production restraint, the steel companies' negotiators are arguing that unless limits are lifted slightly in the third quarter, a steel shortage in the Community would tend to suck in imports to satisfy demand.

Eurofer's former president, M. Jacques Ferry, has stepped down in favour of M. Emmanuel Tesch, chairman of the Luxembourg steel giant Arbed. Although M. Ferry combined his Eurofer activities with the running of France's steel industry association, it is felt that M. Tesch's industrial background will help strengthen Eurofer's negotiating position. It is also believed that M. Tesch will give fresh impetus to studies of the European steel industry's restructuring

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Soviet exhibition aims for new and credible image

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE SOVIET UNION is worried about its image. Highly critical articles have been appearing in the official party newspaper Pravda recently critisising the way the Soviet media and propaganda organs have failed to put across to both the Soviet people and the world at large a full and credible account of Soviet achievements—and Soviet problems. A new effort is being called for to liven up reporting and present the Soviet Union in a more lively and interesting fashion.

Sceptics, and disciples of Mr. Marshall McLuhan, may wonder whether it is the media or the message itself that must bear the blame for the Soviet inability to project a positive image of itself. But visitors to the USSR National Exhibition, which opens at Earls Court today will have a unique opportunity to judge for themselves. The exhibition, put together after two years of careful preparation and at a cost of some Roubles 2m (£1.5m), by a talented Soviet design team under Mr. Rudolph Kliks, the Soviet Union's leading exhibition designer, is the most comprehensive ever staged here.

The exhibition director, Mr. Boris Kokorev, explained that the function of the exhibition is to try to project the complex reality of the multi-national Soviet society on a direct people to people basis. It is far more than a purely commercial exhibition, although many Soviet firms and Soviet products will be on display. The exhibition will be opened by Mr. Nikolai Patolichev, the Soviet Minister for Foreign Trade. At the last such exhibition in 1968 some £10m of business was conducted. Mr. Patolichev *is* expected to impress upon British businessmen during his week here as guest of Mr. John Nott, the

Trade Secretary, the need to step up their efforts now if they are to gain contracts in the next five-year plan being prepared.

Soviet economic achievements loom large in the exhibition. The growth rate of the Soviet economy has been slowing steadily over the last decade and the Soviet Union faces a major challenge in its attempt to exploit the rich resources of Siberia and to raise productivity in the face of declining population growth and a heavy arms burden. But the Soviet Union has made huge efforts to develop industry, *build dams and power stations*, criss-cross the vast distances with oil and gas pipelines, build entire new cities, modernise agriculture—and usually in the face of harsh climatic conditions.

These and other achievements in space exploration, nuclear energy, technology, art, medicine, and sport are graphically portrayed through photographs, models, and audio-visual *film* shows.

Two of the Soviet Union's 15 vastly different republics—Byelorussia, the westernmost republic which was laid waste during the last war, and Georgia, in the multi-racial Soviet deep south—are featured in special displays. Considerable emphasis is placed in the diversity and traditions of the hundred or so ethnic, religious and linguistic nationalities and groups.

The place of religion in the officially atheistic Soviet state *is also* covered and officials clearly expect that a large part of their job will consist of explaining Soviet policy on human rights and religious and other freedoms.

With an eye on the forthcoming Olympics, sport also features strongly and a huge three dimensional model of Moscow provides a voyeuristic tour of the Kremlin, the Olympic facilities and the city centre dotted with Stalinist-Gothic skyscrapers and the office blocks of the Kalini Prospekt.

For those whose image of Soviet woman*hood is limited to* the stereotyped wall-wrapped babushka, the daily fashion show is likely to be an eye-opener. Many Soviet citizens one suspects would also be intrigued by the displays of Soviet produced luxury goods, some of which are either for export or sale only in the special shops run for the Soviet elite.

This is not to deny, however, that *standards* of *living* have risen steadily in recent years and the steady, if unspectacular growth in incomes, coupled with low rents and fares, relatively cheap food and enviably low gas, electricity and heating charges has brought unprecedented, if relative, prosperity to wide sections of the population.

To put all this in the Soviet perspective, the exhibition contrasts present prosperity and *future* goals *with* the Tzarist past and the war-ravaged post-war hardships of the nation which lost 20m people in the last war. The sword presented to the people of Stalingrad by King George VI in recognition of their suffering and heroism is on display to remind British people of war time comradeship.

A key message which the exhibition seeks to put across is the Soviet people's hatred of war and desire for peace — "Peace and progress through co-operation" is the key note slogan for the exhibition as a whole.

WEST GERMAN PRESIDENTIAL ELECTION

SPD chooses woman contender

BY ROGER BOYES IN BONN

THE WEST GERMAN Social Democratic Party (SPD) has finally selected its contender for the presidency, in a last-minute bid to avert a walkover victory today by Herr Karl Carstens, the opposition Christian Democratic candidate. But it seems unlikely that the candidate, Frau Annemarie Renger, a former president of the Bundestag (Lower House), will attract sufficient support to win a majority in the electoral college.

Fran Renger not only has to capture the votes of 14 members of the Christian Democrat-Christian Social Union (CDU-CSU) bloc but she also has to win the backing of the smaller coalition partner, the Free Democratic Party (FDP). Last week, the FDP joined the SPD in offering the candidacy to Dr. Carl-Friedrich von Weizsaecker—an offer which he turned down on Monday. The FDP apparently only agreed to Dr. Weizsaecker because he was not closely associated with any political party.

This is a crucial factor for the FDP which is anxious to have a figure above politics as President—anything else, it claims, may devalue the office. According to some reports, the FDP hes already rejected Frau Renger as a possible presidential candidete and also vetoed two other SPD members, Herr Georg Leber, a former Defenca Minister, and Herr Walter Arendt.

The FDP leadership, under the chairmanship of Herr Hans-Diatrich Genscher, met late yesterday to see whether it should overcome its doubts about Frau Renger.

The problem ia that Frau Renger is closely identified with the Social Democrats. She was for a long time a personal assistant to Dr Knrt Schumacher, the first post-war leader of the Social Democrats, and she became an SPD member of the Bundesteg in 1953.

The Christian Democrats are justifiably confident that they will win the presidential election. According to Herr Gerhard Stoltenberg, the deputy chairman of the CDU, Herr Carstens may actually win votes away from the SPD and FDP.

This confidence is rooted not so much in Herr Carstens' personal popularity—he commands for less public support than the outgoing President, Herr Walter Scheel—as in the structure of the electoral college.

The college is composed of 518 members of the Bundestag and an equal number from the legislatures of the 11 federal states. The opposition parties currently dominate the states, giving the CDU-CSU candidate a clear advantage.

'Universal system' should stay—Gessler

BY ROGER BOYES IN BONN

THE WEST GERMAN commission of inquiry into banking, called the Gessler Commission after its chairman, Professor Ernst Gessler, was set up to investigate alleged abuses of the banking system after the collapse in 1974 of the Herstatt Bank.

A series of criticisms heve been levelled against the German banking system and the Gessler Commission set out to answer them and propose alternatives.

First, the cornerstone of German banking—the universal banking system which combines credit, underwriting and brokerage activities — leads, critics maintain, to conflicts of interest.

Second, bankers have been criticised for not making their world-wida interests more accountable.

The West German authorities are concerned that the substantial non-domestic interests of West German banks could, in the case of heavy losses, rebound on depositors in the parent banks. The risks, the authorities said, should be spelled out more clearly.

The main criticism of West German banks was the level of their involvement in German industry.

This has brought the banks considerable power, exercised through large shareholdings, the exercise of proxy rights for shares they have on deposit from customers, and key seats on the supervisory Boards. The large shareholdings seemed, to critics, to be the mejor feult.

The Gessler Commission has tackled thesa problems with different degrees of thoroughness, in general supporting the status quo, but with some important changes.

The reports presented yesterday found that:

● A splitting of the fuoctioos of German banks would entail more disadvantages than edvanteges. Many of the problems associated with the universal system were also apparent in the specialised banks. The universal system should stay.

● Nationalisation of banks or even the extension of Government Influence was not to he recommended. The commission came out specifically against the appointmeot of State commissioners to the supervisory and administrative hoards of banks.

The issue of hank involvement in German industry was dealt with at length by tha commission. The recommendations on this were:

● The majority of the commission considered that direct holdings should be limited to 25 per cent "plus one share."

This formulation was used because under German corporation law, holdings exceeding 25 per cent yield aome tax advantages and veto rights.

● The commission made a number of exceptions to this recommendation, inclnding: when shares are acquired in the public interest with the agreement of a Government agency, when shares are acquired with e view to reorganising enterprises that are having difficulties, and when shares are acquired as collateral for loans.

● To help hanks cut their existing holdings, a transitional period of eight to 10 years—which could be prolonged by a Government agency in individual cases—should be introduced. The liability of the banks to pay income tax on tha profits of such sales should be dropped or at least substantially reduced.

● On proxy voting rights, the commission advocated that long-term rights sbould ba retained by the banks, but that special instructions should be introduced for voting at shareholders' meetings.

● In order to rednce bank influence exercised through having staff members on the supervisory hoards of companies, professional activities of supervisory board members should be disclosed in annual reports.

● The commission considered that the overseas interests of the German banks was largely outside its hrief.

Spanish car workers in sympathy stoppage

By David Gardner in Madrid

WORK at Ford Hispania's Almusafes plant near Valencia came to a halt again yesterday on the eve of labour tribunal hearings concerning 13 trade unionists dismissed by Ford in March.

Support for Ford's 10,000 workers came in a one-hour sympathy strike called by the Workers' Commission, Spain's most powerful trade union groop. Stoppages took place a the Seat works in Barcelona, and at Chrysler, while at the Fasa-Renanlt plant in Valladolid, workers held meetings to discuss further action. At the Citroen plant in Vigo workers followed a mass meeting with a demonstration.

The bitter dispute at Ford has been running for more than three months. It began with annual wage negotiations which broke down and were ended when the Labour Ministry imposed terms. Ford workers are maintaining a policy of non-co-operation until 13 mcn sacked during the dispute are reinstated. Five of the 13 were members of the union negoliating committee.

Ford blames the dismissed men for wild-cat strikes which havc madc normal prodnction impossible. The unions believe that Ford is trying to break trade union power at Almusafes.

Workers' Commission leaders say that a delegation of Ford workers was told by the Labour Ministry representative in Valcncia yesterday that he was incapable of making Ford comply with the law. Ford said such a statement could only mean that the matter was still in the hands of the courts.

Paris starts £2m cartoon campaign to save petrol

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government, baving set its face against mandatory controls on petrol consumption, has launched a FFr 18m (£2m) advertising campaign to persuade motorists to drive more thoughtfully.

The centrepiece of the campaign will be a short, plump, pink cartoon character, with an elongated, funnel-shaped head, called Gaspi. Gaspi who will soon be spreading like fungus over French poster walls and television screens, is meant to represent one litre of petrol. Motorists are being encouraged to chase Gaspis in a competition for which the prizes will be fuel-economising equipment.

Other aspects of the campaign are more mundane. In 120 French towns, motorists will be able to take lessons from specialists in economy driving. The euthorities are also threatening to apply speed limits more strictly, and information on how to achieve better consumption figures is being disseminated.

The improved driving advice is a fairly straightforward list of seven points: maintain correct tyre pressures; keep the engine correctly regulated; take off roof-racks when they are not needed; avoid unnecessary acceleration; keep in top gear as much as possible; limit top speed; and choose the best rontes.

By these methods the Industry Ministry hopes to achieve savings of 15-20 per cent. During the summer months, the period of heavy motoring in France, this would mean rednciug oil usage by about 100,000 tonnes. In a full year the reduction would be about 300,000 tonnes, worth soma FFr 120m ont of a total oil bill of about FFr 60bn this year.

Further measures to be announced soon are expected to involve motor manufacturers and the road haulage industry.

Challenge forming to Gonzalez

BY OUR MADRID CORRESPONDENT

LEADERS OF the Centre-Left inside the Spanish Socialist Party (PSOE) have begun to set up an alternative candidacy for the party executive, following Sunday's surprise resignation of Sr. Felipe Gonzalez, the Socialist secretary-general.

Sr. Francisco Bustelo, the executive member who successfully defended the congress resolution confirming the Socialists as a working class party adhering to Marxist principles, has announced that he and several other leading Left-wingers will contest the party leadership at the extraordinary congress to be held within six months.

In the meantime, the party will be run by a five-man steering committee.

Sr. Bustelo has behind him Sr. Luis Gomez Llorente, Deputy Speaker in the Lower House, and Socialist spokesman on education, and Sr. Pablo Castellano, traditional spokesman for the Marxists inside the party.

The position of Professor Enrique Tierno Galvan, mayor of Madrid and honorary president of the Socialist Party, is for the moment unclear. However, he is known to be sympathetic to the centre-left pletform of the new slate, and took part with Sr. Gomez Llorente in Sundey's last minute bid to find a compromise

Sr. Bustelo has denied that he and his colleagues had tried to unseat Sr. Gonzalez and take control of the party. Whet was et stake, he said, were two different conceptions of socialism. Southern European countries, he maintained, and in particular "semi-developed capitalist conntries like Spain, have no use for social democracy."

He said that the controversial resolution which provoked Sr. Gonzalez's resignation was not an attempt to radicalise the party, but to prevent the leadership veering to the Right.

The candidacy being formed by Sr. Bustelo and his backers is itself a centre-left alternative to the more hard-line positions defended by the PSOE's Marxist wing, and as such it is heing taken seriously. If this slate manages to develop a coherent strategy end win the backing of party figures like Professor Tierno, Sr. Gonzalez could have a serious fight on his hands. Professor Tierno withdrew his hacking for a similar alternative on Sunday, Socialists say, because of fears of provoking a reaction from the Spanish Right.

In addition, he made an oblique reference to the party's international heckers, saying that party finances were in serious deficit after the last election campaign and that the Socialist International would not tolerate any other secretary-general but Felipe Gonzalez.

Kosygin in Prague energy talks

BY PAUL LENDVAI IN VIENNA

MR. ALEXEI KOSYGIN, the Soviet Prime Minister, arrived in Prague yesterday for crucial talks on Czechoslovakia's energy crisis. A worsening of Czechoslovakia's economic situation is considered by observers to threaten the relative political stability of the country invaded 11 years ago by Warsaw Pact members to stave off an alleged "counter-revolntion."

Czechoslovak requests for increased deliveries of Soviet oil and gas and Czechoslovakia's role as the chief supplier of nnclear engineering for other Comecon countries are expected to figure prominently in the talks. On the eve of the visit, one of Mr. Kosygin's deputies, Mr. Vladimir Novikov signed an agreement with the Czechoslovak deputy premier Mr. Josef Simon about co-operation in building nuclear power plants and in mannfacturing equipment for atomic power stations. According to a hroadcast on Prague television last night, Czech industry is currently huilding 19 nuclear plants for various Eastern European countries.

Czechoslovakia is engaged in a crash nuclear programme involving an increase of the share of nnclear power in total energy prodnction from a projected 12 per cent in 1980 to 40 per cent in 1990. But at the same time the country's economy has been dramatically affected by the fuel crisis last winter which cost the equivalent of four days industrial production and caused havoc in everyday life. With 40 per cent of Czechoslovakia's engineering exports going to the Soviet Union, the energy squeeze also had en adverse impact on deliveries

Czechoslovakia is the East European country most directly hit by the upheavals in Iran. Under a $2.5bn deal conclnded in 1976, Iran was to supply 3.5bn cubic metres of gas annually between 1981 and 2003 to the Soviet Union. The Soviet Union would then send an equal amount to Czechoslovakia and Hungary.

As a resource-poor country, Czechoslovakia is dependent on Soviet supplies for 93 per cent of its crude oil needs as well as for natural gas, pig iron and iron ore. The country is faced with a growing strain on the balance of payments with the visible trade deficit rising by $100m to $850m last year.

Earlier this year parliament was told that the Government had rejected draft proposals for the next five year plan, and that the country would be forced to import an extra 300,000 tons of crude oil.

Reliance on diminishing coal reserves, increased prices for Soviet oil and a rising oil hill for purchases from Third Wold countries have created a potentially critical situation.

As Czechoslovakia is also a major producer of military hardware, the economic difficulties also indirectly influence Soviet arms policy. Furthermore, Czechoslovakia is also an important producer of uranium ore, although both the level of prodnction and prices paid by the Soviets are a closely guarded secret.

EUROPEAN NEWS

WORST MONTHLY FIGURES SINCE 1976

Italy trade deficit £420m in March

BY RUPERT CORNWELL IN ROME

ITALY YESTERDAY reported a trade deficit of L737bn (£420m) for March. The figures, the worst for a single month since December of 1976, add to the economic worries facing the caretaker Government.

Announcement of the deficit, which in large part reflects the rapid rise in oil prices since the start of the year comes on the eve of a Cabinet meeting under Sig. Giulio Andreotti, the Prime Minister, which is scheduled to finalise measures to cut back on energy use.

Despite the grave conclusions reached by yesterday's meeting of the International Energy Agency (IEA) in Paris, the signs have been that draconian steps are not contemplated by the Government, as it attempts to meet its commitment to the IEA of a 5 per cent cut in consumption this year.

Sig. Andreotti's administration is extremely unwilling to take any moves that would be politically damaging before the general election on June 3 and 4, despite a barrage of criticism that the country is not reacting with sufficient urgency to events internationally.

Sig. Franco Nicolazzi, the Industry Minister, has repeatedly ruled out any sharp increase in the price of petrol, now at L500 per litre (£1.30 per gallon) on the ground that it would have little impact on consumption, running currently at 10 per cent or more above last year's levels.

He has publicly declared that Italian oil stocks are the equivalent of more than 100 days' consumption. Even so, major oil companies in Italy have disclosed that they are cutting back deliveries to petrol stations. This is understood to be by as much as 20 per cent.

March's large deficit follows a surplus of L342bn in February and a deficit of L820bn in January. For 1978 as a whole, Italy's trade accounts closed virtually in balance, for the first time in some 30 years.

The worsening of the trade position has been accompanied by a rise in the inflation rate on an annual basis to above 14 per cent, and renewed tensions in vital labour negotiations over three-year contracts for around 10m workers.

Fresh strikes are likely in the next week by 1.5m metalworkers in protest at the slow progress of their talks, above all with private employers, while building workers staged an eight-hour stoppage yesterday to back their own contract claims.

Union leaders walk out of Brussels talks

BY GILES MERRITT

UNION LEADERS representing 32m workers throughout the Common Market yesterday walked out of a Brussels meeting with EEC Ministers and employers after a row over work-sharing proposals.

The 35-member Executive Council of the European Trades Union Confederation is now to discuss the possibility of concerted strike action when it meets in Geneva on June 27, confederation officials indicated.

The protest came when the employers' liaison committee said that it had no mandate to negotiate or endorse a draft declaration that would have instructed the European Commission to draw up a positive action programme on work-sharing by December 1.

The declaration had previously been agreed with M. Robert Boulin, French Employment Minister, who presided over the tripartite talks on employment problems.

The determined stand by the confederation over the work-sharing issue stems from union anger over the failure on May 15 of the Social Affairs Council to adopt a Commission report advocating such measures as banning overtime to combat unemployment.

Instead, the EEC Employment Ministers decided to ask the Commission to prepare a more detailed study of the cost and effects of its plan.

The confederation, which groups 31 trade union bodies representing one-third of all employees in the Community, subsequently described the Council decision as "insulting."

Yesterday's Standing Committee on Employment was due only to discuss mismatching—the phenomenon of labour shortages despite high unemployment—but the unions signalled in advance that they would insist on discussion of work sharing.

In the event, the unions' demand that EEC member-States aim for shorter working-time leading to a 36-hour week dominated the tripartite meeting.

In a prepared statement issued at the end of the talks, which continued for a time after the trade unionists' walk-out, the employers' committee regretted that the extremely important question of mismatching was not adequately discussed.

The statement added, however, that it did not reject an examination of work sharing provided the subject was placed on the agenda of a future meeting.

Portugal's labour laws likely to be changed

BY JIMMY BURNS IN LISBON

SWEEPING changes in Portugal's labour legislation are envisaged in a plan drawn up by the Ministry of Labour and shortly to be considered by the Portuguese Cabinet.

The most controversial proposal centres on the easing of restrictions on dismissals, a move aimed at bringing Portuguese labour law into line with the EEC.

Labour legislation in Portugal was largely drafted at the height of Communist influence here in 1975, and is weighted against the employer.

The dismissal of redundant employees is proscribed, and workers facing expulsion on grounds judged "legally just," such as continued absenteeism, physical violence, or sheer incompetence, are protected by a complicated legal procedure involving employers, workers' commissions and labour courts.

Such restrictions have been criticised by Portugal's employers' federations and foreign business interests. They argue that the maintenance of excess labour has led to a squeeze in profits and lower productivity.

They also claim that Portugal's labour laws are a major disincentive for potential investors.

The Ministry of Labour's plan adds an economic justification to the list of "just grounds" for dismissals, and includes a provision for streamlining the process of screening redundancy applications.

Whether the proposals will be able to go ahead in the present climate of political uncertainty remains doubtful. Ministry officials are confident their plan could be submitted to Parliament by the end of next month. But by then, Portugal could well be in the throes of a Government crisis.

London 10 forecast a swing

By Colleen Toomey

A SWING to Labour at the European Parliament elections on June 7 was confidently predicted at the campaign launch of Labour's 10 Euro-candidates for London seats.

Their central theme was a cutting back of funds being poured into the common agricultural policy and greater investment in urban renewal.

With little more than two weeks before the electorate goes to the polls, the Labour 10 appeared to have swallowed their differences on pro-market and anti-market matters to face an electorate which they believe has been given a raw deal by the EEC.

"We're the party with a tough image, the one that will fight to transfer agricultural money into regional and social funds, said Mr. Richard Balfe, candidate for London South.

About 70 per cent of Britain's contribution goes into the CAP compared with only 4 per cent invested in industrial development, Mr. Alf Lomas, candidate for London North-east, said. That meant that every Londoner paid £13 a year to receive only two pence in return.

The Labour candidates are basing this aspect of their campaign on promoting London as a development area. They want funds from the European Investment Bank available to Britain to be increased from £1.2bn last year to about [illegible].

Tory and Labour Euro-MPs vie for accolade of 'champions'

BY REGINALD DALE

WHO WERE the most ardent champion of British interests, battling away in chamber and committee room while weaker brethren slipped off in search of asparagus and vin d'Alsace?

"We were," both Tory and Labour veterans of the outgoing European Parliament chimed in unison yesterday.

In their final annual report, the 18 Labour Euro-MPs boldly claimed to have been "by far and away the most hard-working delegation in the 198-member Parliament."

"Absolute nonsense," retorted Mr. James Scott-Hopkins, the Conservative group's former deputy leader. He graciously conceded, however, that his Labour colleagues might have worked quite hard compared with "the rest of their lot," the Parliament's European Socialist group.

The Labour MPs based their claim on ceaseless activity on human rights, agricultural and fishing policies, multinational companies, regional, social and budget affairs. On the industrial front, they had demanded effective strategies to safeguard jobs in steel and ship-building and argued the need for "planned trade at Community and world level."

But regardless of energy input, Mr. Scott-Hopkins said they had been much less effective than the Tory delegation, which had been instrumental in the Parliament's largely successful dispute with Governments over the EEC budget in recent months. The Tories had scored more points on agriculture and had been more active in preparing committee reports.

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THE ITALIAN CAMPAIGN

Beethoven fails to excite uninterested electorate

BY PAUL BETTS IN ROME

COMMUNITY - SPONSORED radio and TV propaganda is to be re-run on Italian national broadcasting networks in a last-minute attempt to generate some enthusiasm for the European elections on June 10 in Italy.

It is highly unlikely that the broadcasts, despite the background music of Beethoven's Choral Symphony, will revive the waning interest in the European polls, which have inevitably been overshadowed by the Italian general election on June 3 and 4.

Even the Italian political parties have devoted relatively little time and effort to making the European election campaign less dreary. It is perhaps significant that Sig. Giulio Andreotti, the Christian Democrat Prime Minister, and a committed European, whose last Government fell partly because of his decision to take Italy into the European Monetary System despite the opposition of the Communist party, is not standing for the new European Parliament.

Recently, the Prime Minister justified his decision, in view of the probable difficulties, to form a new Government after the June General Election.

On past form, this process has taken as long as two months, and even then the new Government has often been a stop-gap compromise with a more stable one taking its place after about six months.

What is perhaps even more significant is the decision of several other leading Italian Europeans, with none of the political motives of Sig. Andreotti, to shun the European elections.

Sig. Giovanni Agnelli, of Fiat, and his younger brother Umberto, are not standing. Nor is Dr. Guido Carli, former Governor of the Bank of Italy, whose term as chairman of Italy's National Employers' Confederation runs out at the end of this year.

The candidates for the five Italian electoral colleges in the European polls have been drawn largely from the middle and lower ranks of the various political parties. There is, of course, also a group of retired diplomats, journalists, party members and industrialists.

Domestic political considerations have clearly prevailed in the selection of candidates running for the 81 Italian seats in the new European Parliament. All the secretaries-general of the main parties are standing, but the preoccupation over the General Election has led to some apparently surprising decisions.

For example, Sig. Giuseppe Petrilli, president of the Italian European Movement and for 18 years chairman of IRI, the State holding company, is not standing for the European elections but running as a Christian Democrat candidate for the Italian Senate.

As a senator, Sig. Petrilli stands a good chance of becoming a Minister in a future Government, at a time when the party is looking around for "technocrat" politicians to take over economic portfolios.

Of all the main parties, only the Socialists have sustained an active European election campaign. Their main slogan for both the General Election and the European polls claims: "If you speak Socialism, you will be understood all over Europe."

Sig. Bettino Craxi

While using all the conventional electoral devices from pin-ups to the distribution of red carnations — the party's symbol — the Socialists have also turned to European personalities.

Herr Willy Brandt has been appearing regularly on their electoral broadcasts urging Italians to vote for the Socialists in both elections to build "a truly European Socialist dimension."

Among the smaller parties, the unconventional Radicals have gone as far as electing a Frenchman, M. Jean Fabre, as their secretary-general.

A whole series of ethnic and cultural minorities and separatist groups are forming a united front to get representation in the European Parliament, since they claim the main national parties in Rome do not represent their interests.

These movements flourish in Sicily and Sardinia, and in northern boundary regions like the Val d'Aosta, Trieste and the Trentino-Alto Adige.

The Socialists' European election campaign is largely motivated by domestic political calculations. From the begining, Sig. Bettino Craxi, the Socialist secretary-general, has looked on the European elections as a means of enhancing his party's influence, in view of the expected success of the Socialists on June 10.

Since he took over the leadership of the Italian Socialists after their disastrous performance in the June 1976 General Election, Sig. Craxi has used every known political device to try to revive the party's faded image and increase its electoral support.

To this end, he has embarked on ideological controversies with the Communists and has attempted to erode the votes of other parties.

On the surface at least, he has advocated the concept of an alternative Left Government in Italy and the need to reduce the influence of the Christian Democrats.

But he has increasingly hinted he is willing to consider an eventual alliance with the Christian Democrats, which would keep the Communists out of the Government.

After some encouraging results in local elections last year, this ambiguous policy appears to have backfired.

The latest opinion polls indicate the Socialists are unlikely to gain more than one point in the General Election over the 9.6 per cent they polled in June 1976. Some polls even suggest they might see their votes decline.

The Socialists, seemingly, made one basic miscalculation. Their strategy was too transparent: It consisted in undermining the Communists, Italy's second largest party, and subsequently, backed by an encouraging result in the European polls, finding themselves favourably poised to fight a General Election later this year.

But the Communists moved faster. Faced with growing internal difficulties and declining electoral support because of their unhappy alliance with the Christian Democrats, they brought down the minority Administration of Sig. Andreotti by demanding Communist Cabinet Ministers in the Government.

The Communist move largely reflected the party's decision to cut its losses and avoid giving the Socialists the gratuitous advantage of the European elections at a time when the minority Government already seemed on its last legs.

After the Government collapsed, the Christian Democrats and the Socialists tried to delay the country's political crisis to avoid early elections before the European polls.

This failed, as indeed, did the attempt to hold the two elections on the same day. In turn, relations between Sig. Craxi and Sig. Andreotti have deteriorated sharply.

The Socialist leader has accused the Christian Democrat Premier of betraying his party, although Sig. Andreotti had little choice in the matter.

The Christian Democrats are still reckoning that the Socialists' probable disappointing result in the General Election could still be compensated by an encouraging Socialist performance in tha European polls.

The Christian Democrats' chances of eventually forming a governing pact with tha Socialists, but excluding the Communists, could still be on the cards. This, above all, is perhaps the key issue of the European elections in Italy.

Heath urges more co-operation

BY OUR LOBBY STAFF

MR. EDWARD HEATH made it clear yesterday that he was very disappointed with the way some aspects of Commnnity policy had developed since he, as Prime Minister, took Britain into the EEC in 1973.

He emphasised, however, that his own commitment to the European ideal had never wavered. Today's economic problems made the need for European co-operation all the greater, he added.

The overriding priority must be for the Community to make more sensible use of its resources, money, skill and time.

This meant co-operating on a wide range of issues and reducing the barriers which still thwarted inter-community trade. He even defended one of the Commission's proposals for harmonisation which has been most ridiculed in the UK—the common rules on lawnmower noise.

Given the attitude of the last British Government to Community membership, Mr. Heath said it was hardly surprising that "high-powered, highly intelligent, devoted officials" were thwarted, and forced to take to the "byways," where all too often they damaged rather than helped the European cause.

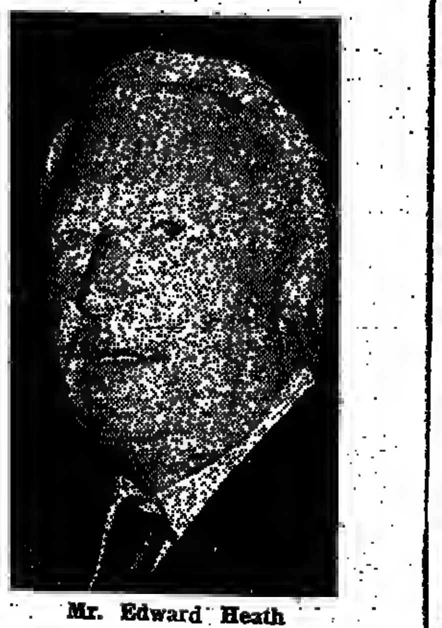
The former Tory leader is more than playing his part in the Conservative campaign for next month's European elections. During the next two weeks, he will be touring the whole country.

In Scotland yesterday, he took up what is likely to be one of the main planks in the Tory's election platform, as he accused Labour of having squandered the opportunities EEC membership offered, by persistently behaving like "obsessive little Englanders."

It was not only Britain's Labour Government which came in for his criticism. Faced with threats from outside the Community, Governments had "chosen to go it alone, using all the tricks in the economic books."

Recently, he maintained, Europe had appeared to have lost its way, and the vision of European unity which he had shared in the early '70s had dimmed.

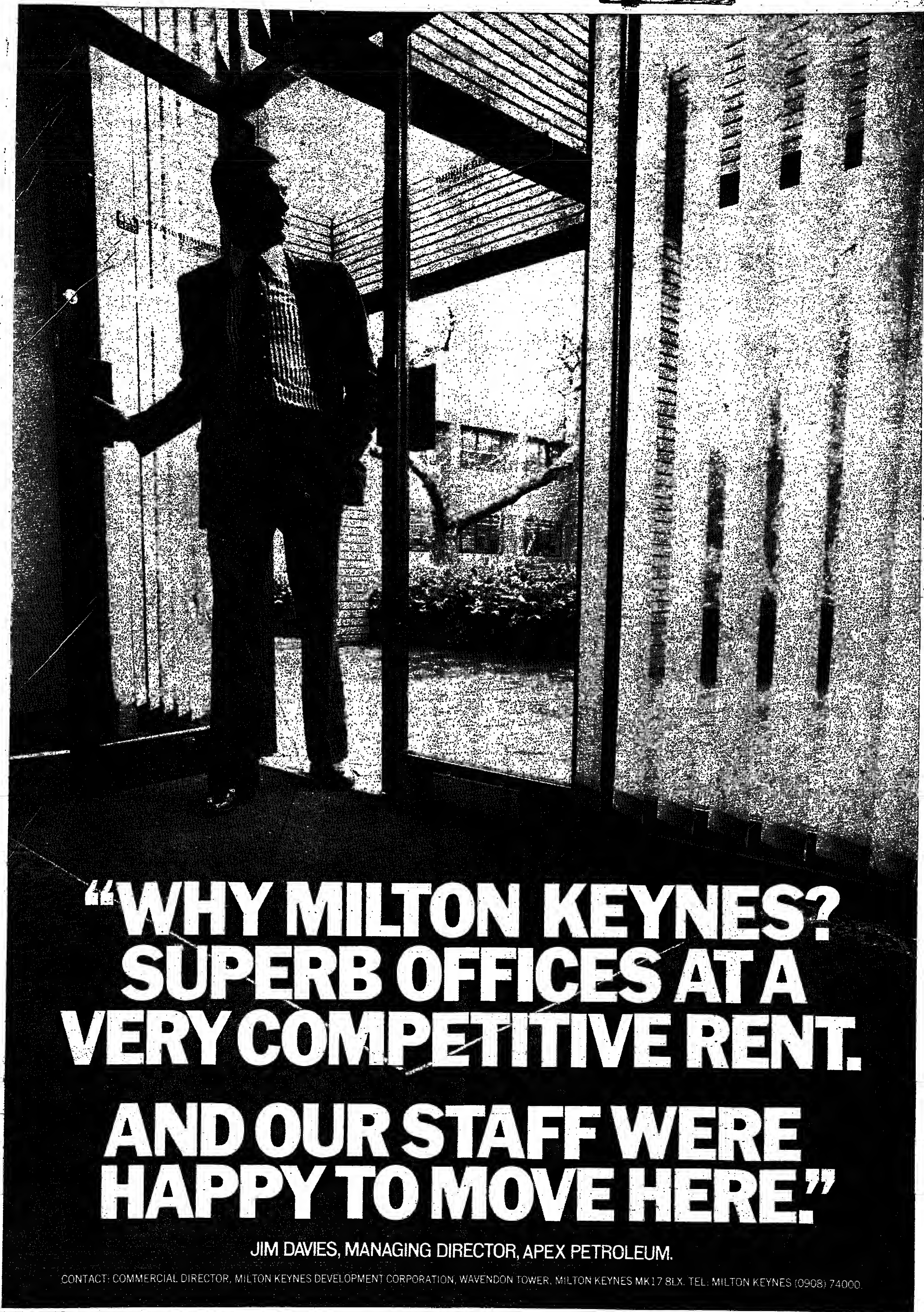
Events showed that the old national solutions to economic problems were no longer working. More and more political leaders, he claimed, were realising that member-countries had to tackle these problems as a community.



Mr. Edward Heath

The potential of the EEC was enormous. After enlargement, productive capacity would probably exceed that of the U.S.

The Community would have to emulate American achievements by making more use of the "continental-sized market of over 250m people in Europe."


"WHY MILTON KEYNES?
SUPERB OFFICES AT A
VERY COMPETITIVE RENT.
AND OUR STAFF WERE
HAPPY TO MOVE HERE."
JIM DAVIES, MANAGING DIRECTOR, APEX PETROLEUM.
CONTACT: COMMERCIAL DIRECTOR, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER, MILTON KEYNES MK17 8LX. TEL: MILTON KEYNES (0908) 74000.

Saudis seek to restore order to oil market

BY JAMES BUCHAN IN JEDDAH

SAUDI ARABIA is expected to try to impose order on the world oil market with an attempt to reunify the price structure which has been eroded by a series of unilateral producer surcharges in recent weeks. The implication is that Saudi Arabia, too, will increase its prices.

The council of ministers met on Monday night to hear a report by Sheikh Ahmad Zaki Yamani, the Oil Minister, on the role that could be played by the kingdom in reunifying the price structure of the Organisation of Petroleum Exporting Countries. The subject of the meeting was disclosed by Dr. Muhammad Abdo Yamani, the Information Minister. OPEC is due to meet in Geneva in the last week of June.

Saudi Arabia is the only OPEC producer not to have imposed surcharges on its crude. On Sunday, Kuwait became the latest producer to impose a premium by adding 60 cents to bring the price of its crude up to $16.40 a barrel, against the OPEC-posted price of $14.50, agreed last month.

Recent weeks have seen a pattern of leap-frogging price increases as OPEC producers have moved to restore quality differentials in their crude.

The Oil Minister was quoted as outlining a programme to stabilise prices and to curb speculative profit-taking on the spot market, which has seen cargoes of Saudi Arabian light crude traded as more than double the posted price this month.

Dr. Yamani said that the discussion of oil policy took place within a general debate on the Saudi state budget, which is likely to be approved by the King and council at a meeting next Monday. The suggestion is clear that with Saudi crude now some of the cheapest in the world and the production ceiling of 8.5m barrels a day reimposed for the indefinite future, the Saudi Government will be examining how to maximise its per-barrel revenue.

AP reports from Cairo: Senior Egyptian and Israeli officials met in Cairo yesterday to complete arrangements for Sunday's meeting between President Anwar Sadat and Mr. Menahem Begin, the Israeli Prime Minister.

The meeting, which will be attended by Mr. Cyrus Vance, the U.S. Secretary of State, will take place in the Sinai capital of El Arish two days after it is handed over to Egyptian sovereignty.

Israel has occupied El Arish since the 1967 war and is returning it under the terms of the Egyptian-Israel peace treaty that calls for Israeli withdrawal from Sinai.

Indian police action over wages spreads

By K. K. Sharma in New Delhi

AGITATION by policemen for better pay and working conditions, which had been confined to the border state of Punjab, has now spread to at least two others, Madhya Pradesh and Rajasthan, and threatens to extend to others.

Demonstrations have been staged in both states by policemen who have absented themselves from duty and have submitted a charter of demands to be implemented within seven days.

The Indian Government is concerned that the agitation may hinder efforts to maintain law and order. The finances of most states, which are responsible for their police forces, are under strain and they cannot provide for more administrative spending.

Chris Sherwell adds from Islamabad: Rival groups of demonstrating college students carried out separate processions in Karachi yesterday in protest at clashes on Monday which left more than 30 students injured.

A student takeover of administrative offices at Karachi university moved into its ninth day with no sign of concession to their demands for the removal of the Vice-Chancellor.

Chinese advised to learn from capitalist democracy

BY JOHN HOFFMANN IN PEKING

CHINA COULD learn from systems of government practised in capitalist countries, including election by universal suffrage, according to an article in the People's Daily yesterday.

In a tolerant view of the relationship between socialism and capitalism, the article draws attention to the progressive aspects of "bourgeois democracy." The article, signed by Wu Jialin, an economist, adds to the democracy debate which has been featured almost daily in the Press since the suppression of popular human rights activities last March.

Commentaries have been scathing of bourgeois democracy as the practice of exploiters, while commending socialist democracy as a system enjoyed by the majority.

In yesterday's article however, Mr. Wu said: "It is wrong to write off or totally negate bourgeois democracy. Capitalist countries have accumulated valuable experience and created some effective methods of running public affairs. These can be selected and adopted in the service of socialism."

He added that although it was the purpose of the socialist system to show that socialist democracy was superior to bourgeois democracy, this might not be the reality or the practice at present. He urged an improvement in China's democratic system.

Meanwhile Mr. Han Nianpong, Vice Foreign Minister, has said that there will always be the possibility of another armed conflict with Vietnam. He was speaking after returning from Hanoi, where he led the Chinese delegation in the abortive first round of peace negotiations following China's invasion of Vietnam in February.

The talks are to resume in Peking at a date to be fixed. Mr. Han said he did not know whether the interval would be weeks or months. He criticised the Vietnamese as hypocritical and accused their negotiators of avoiding the real issues.

Mr. Han said China had learned from experience that the Vietnamese were very difficult to deal with.

He said Hanoi had refused to respond to a Chinese proposal that it should refuse base facilities to the Soviet Union. "We know that Russian ships and aircraft are already using Cam Ranh Bay and Da Nang, and the Soviet Union is building an electronic monitoring station at Cam Ranh Bay."

S. Africa goes ahead with Press curbs law

By Quentin Peel in Johannesburg

THE SOUTH African Government yesterday refused to back down on its new law to curb Press investigation of Government corruption, in spite of the united opposition of pro- and anti-Government newspapers and the country's main lawyers' organisation.

Mr. Louwrens Muller, the leader of the House of Assembly, introduced an unchanged Bill for a second reading, declaring that the Press had become the most powerful instrument in South Africa, but had used its power in an irresponsible way.

He said the Government had found itself "helpless when the Press revolted."

The Bill follows the exposure in the Press of the secret propaganda activities of the former Department of Information.

The major provisions of the Bill are the establishment of the post of Advocate-General to investigate corruption. He is empowered to prohibit publication of any irregularities in Government until he has investigated it. If a committee of Parliament then decides the security of the State is involved, it may still prevent publication.

The Government's refusal materially to change its proposals follows a meeting with members of the Newspaper Press Union yesterday, when Mr. P. W. Botha, the Prime Minister, refused to consider any change in principle in the legislation.

The general bar council of South Africa, representing leading advocates, also submitted public criticism of the Bill after it had been refused an interview with Mr. Botha. The council said the suppression of public discussion about the administration of State funds "Must cause . . . untold harm and potential prejudice to the public good."

● Two candidates were nominated yesterday for the post of first President of the new State of Zimbabwe, Tony Hawkins writes from Salisbury. The favourite for this non-executive post is Mr. Josiah Gumede, a Black former headmaster, civil servant and diplomat, nominated by Bishop Abel Muzorewa's United African National Council.

THE FUTURE OF NAMIBIA

New Assembly faces many demands

BY QUENTIN PEEL, RECENTLY IN WINDHOEK

"We are not going to hand South West Africa (Namibia) over to the Marxists on a plate," the mining executive said. "If you have in the process to alienate international affections, it is the price you have to pay." That sort of thinking holds true for most of Namibia's largely South African business community. Top priority is the right sort of political settlement. International recognition comes a poor second.

With the ceremonial opening of a National Assembly in Windhoek this week—complete with 19-gun salute, guard of honour (black and white), and a chorus of women chanting "Viva National Assembly"—the disputed territory took a firm step along the path to an internal settlement. The Assembly excludes the major black nationalist movement, the South West Africa People's Organisation (SWAPO), as well as the more moderate Namibia National Front and SWAPO Democrats. It is dominated by the Democratic Turnhalle Alliance, the party most closely allied to the South African administration. Shops and offices closed for the morning in recognition of the occasion—a clear indication of business sympathies.

Although South African spokesmen, including Mr. Pik Botha, the Foreign Minister, insist that the creation of the Assembly closes no doors to international negotiation, it does represent the South African alternative to the Western-inspired plan for UN-supervised elections. "If it hadn't been for the initiative of the Western powers, this stage would have been reached some time ago," a senior official said in Windhoek last week.

Moreover the South African Administration seems finally to have written off the UN plan. Mr. Botha said at the weekend there was "no hope" of breaking the current deadlock. The same official in Windhoek described UN Resolution 435—the plan for supervised elections—as a "pipedream."

The National Assembly therefore has a dual purpose: to take the territory rapidly towards independence, incidentally giving its newly-elected members a first experience of decision-making; and to undertake enough liberalisation to win black support for the exercise. The expected programme is for the assembly to sit for a year. Its first task will be to scrap the most glaring examples of racially-discriminatory legislation. Then it may embark on drawing up a constitution. Finally it may seek to persuade all the political parties, except SWAPO, to take part in an election leading to independence.

The fundamental question is whether the assembly can create the necessary stable environment for peaceful economic and constitutional development. More immediately, can it, with an overwhelming conservative majority, sufficiently answer black aspirations to undermine SWAPO, and run down the guerrilla war on the border?

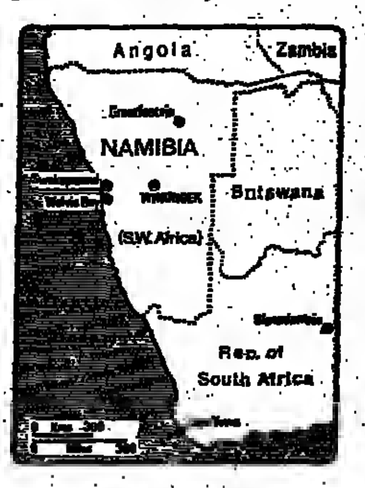
The problem is that there is a yawning gap between black and white perceptions of the necessary reforms which would precede and follow from majority rule. At Rio Tinto's huge Rossing uranium mine, the black labour force went on strike last December over the introduction of a new, non-racial pay system which, in management eyes, meant equal pay for equal work. It still fell far short of the workers' hopes. "We were taken by surprise by the extent of raised expectations," one executive said. "But the degree of misunderstanding at Rossing is much lower than the perception of benefits of majority rule."

The white leadership of the DTA is talking about reforms such as desegregating residential areas, equal pay for equal work (at least in principle) and opening up facilities such as cinemas, swimming pools and taxis to all races. Cautious moves may be made to allow open schools to exist alongside segregated ones, and to open up hospital facilities.

Black perceptions, however, are on an altogether more fundamental basis. "We can't afford to eat in international hotels, or buy houses in white suburbs," a black social worker said. "More than half the problems which come to me are of children suffering from kwashiorkor (malnutrition). Their mothers know what they should be eating, but they cannot afford to buy it. Poverty is at the root of most of our problems." Undoubtedly blacks expect a basic redistribution of jobs, of wages, and of wealth, with or without training.

Another basic expectation, particularly among the Herero people, is for a redistribution of land. "No way can you allow white farmers to keep eight or even 10 farms each," a young Herero lawyer said. "Some of them are just holiday resorts." Finally there is enormous, amorphous resentment against the whole structure of the South African administration. "The Boers must go," is an instantly popular slogan, particularly in the border areas patrolled by the South African Defence Force.

To move any way towards answering those sort of expectations, the new National Assembly needs to have rapid economic growth, at least if it is to reconcile rising black expectations and keep some whites in the territory. "Complete elimination of every form of racial discrimination is all very well," says John Kirkpatrick, former chairman of the Standard Bank and Treasurer of the Namibia National Front. "In practice, unless there is a tremendous economic boost, it won't mean a thing."



The prospects for such a take-off have rapidly evaporated, however, along with the demise of the international settlement plan. In the first place, cheap international finance, confidently expected from sources such as the West German government, will no longer be readily available. South Africa is certainly not in a position to make it up.

"If we don't get recognition, we won't get the capital inflows we need," said Mr. Merrill Pike, head of the Namibian subsidiary of the South African Barlow Rand Group. "We take a positive, but not particularly optimistic view. We don't see any exciting growth, although there could be a bit of quite useful mining development."

Mining is the one area where an "internal" government might hope for international companies to ignore the political drawbacks of UN hostility. South Africa's own General Mining has been holding fire on a promising uranium prospect at Langer Heinrich, inland from Walvis Bay, waiting to see what happened on the political front. Elsewhere, prospecting is continuing apace. Local mining sources say a number of U.S. and Canadian companies, as well as South African (all operating under pseudonyms), are looking for uranium, base metals, and diamonds. Some prospecting grants were approved in six days last week.

Several individual projects will have to be shelved for lack of international recognition. The Ruacana hydro-electric scheme on the Cunene river is unable to function outside the rainy season because its storage dams were to be built on the other side of the Angolan border. Now a new power line, costing some R50m, may have to be built to tap the South African grid, to make up for the loss of supplies.

The fishing industry, disastrously affected by overfishing, will not be able to get a 200-mile limit to protect it, because it will not be internationally recognised, and South Africa simply does not have the naval resources to police it effectively.

As for the Namibian market for manufactured goods, it is far too small, with less than 1m inhabitants, to justify any rapid growth. Without new trading partners, the territory would be tied to South Africa.

On the security front, the guerrilla war is still at a very low level, and largely confined to the northern border area. But there are signs of deterioration, as well as an extension to white farms. "There is going to be a gradual escalation," Mr. Kirkpatrick said. "It will not take 15 years to reach the stage it is at in Rhodesia. It will take just a year or two."

Against such a background, Mr. Dirk Mudge, the leader of the DTA, is gambling that he can move fast and decisively enough to undermine the guerrillas, and therefore to win eventual international recognition. He is clearly putting a lot of faith in the success of the internal Rhodesia settlement, in which event recognition of a Namibian settlement should be a formality. But to succeed himself, he needs to put the cart before the horse: to introduce reforms before he has had the economic growth to pay for them. It is a considerable gamble.

Refiners urged to step up production of petrol

BY STEWART FLEMING IN NEW YORK

IN YET another shift in ita policles for dealing with the squeeze on oil supplies, the Administration bas called on the oil Industry to run more crude oil througb its refineries to make petrol and to draw upon petrol stocks reserved for later this year.

The move will further confuse public perception of the energy problema at a time wben polls suggest the U.S. public is sceptical about the severity of the oil shortage, with many concluding that the oil iodustry is withholding supplies to push up prices.

In testimony before the Senate sub-committee on energy regulation, Mr. John O'Leary, the deputy energy secretary, urged the oil compaoics to increase petrol supplles Immediately hy drawing on stocks and increasing refinery production.

Earlier in the year, the Administration's top prlority had been to rebuild dangcrously low stocks of home heating oil by the end of October because of fears for sbortages next winter.

That priority led refineries to keep producing beating oil in tbe spring, at tbe expense of petrol. There were slgns last week, however, that the political storm brewing because of the resulting petrol shortage, particularly in the west, was leading officials to modify that policy, and this was confirmed by Mr. O'Leary's statement.

It emerged last week that energy officials have also changed tack on another policy priority, to meet the petrol shortage. Early la the year, officials had put pressure on major oil companies to avoid buying crude oll on the spot market, where demand was driving prices up and threateoing to drag contract pricea after them.

In recent weeks, however, with the impllcit official approval, major U.S. oil companies have been buying marginal supplies of crude on the spot market, which has contrlbuted to tbe recent rise in spot pricea to over $30 a barrel.

The confusion arising from tbese shifts of policy has been aggravated by differlng interpretations of tbe severity of the immediate problem. Last week, President Carter suggested that petrol shortages would ease as the summer progressed. Oil companies have disputed this, with some forecasting sbort supplies for the next few months.

David Bnchan adds from Washington: The Nuclear Regulatory Commission (NRC) will not be issuing any building or opcrating licences for nuclear power plants for at least lhe next three montbs. This is the effect of plans announced by Mr. Harold Denton, the NRC's top reactor safety expert, temporarily to divert staff from licensing aoalysis to an intensive study of the lessons to be drawn from the Three Mile Island reactor accident in late March.

Bid to avert executions

BY DAVID BUCHAN IN WASHINGTON

LAWYERS HAVE filed last-minute appeals in Fedcral courts on behalf of two convicts due to be executed in Florida today after the Florida Supreme Court this week refused to stay the executions, which would be the first in the U.S. since 1976.

Of the two men convicted of murder, Mr. Jobn Spenkelink has four times had an appeal denied by the U.S. Supreme Court, which has ruled that capital pnnishment ia not inberently the cruel and unusual punishment forbidden by the Constitution, provided it is not applied bapbazardly by state courts.

There are several hundred inmates of "death rows" around the country, whose appeals are beginnlng to run out in the courts. Their fate was not much clarified by the exceptional circumstances surrounding the execution of the last American to die, Mr. Cary Gilmore, who actually sought execution in Utah three years ago and refused to appeal.

Meanwhile, the verdict of voluntary manslaughter hrought by a San Francisco jury on Monday against the city'a former supervisor, Mr. Dan White, in the deaths last autumn of the mayor, Mr. George Moscone, and its then supervisor, Mr. Harvey Milk, brought rioting to the City Hall.

Mr. Milk had heen a prominant member of San Francisco's large homosexual community, and thousands of homosexuals protested against what they considered a lenient verdict. At least 78 people were reported injured, with property damage costing $200,000.

Top posting for an individualist

BY NICHOLAS COLCHESTER

FOR 14 years, Sir Nicbolas Henderson lived a life abroad of increasing diplomatic aplendour—Minister in Madrid, Ambassador in Warsaw, Ambassador in Boon, Ambassador in Paris. Sir Nicholas and Lady Henderson had barely started to adjust to the very different reality of retirement in England, when Sir Nicbolas was offered the only bigher diplomatic posting: Ambassador to tha U.S.

The appointment hsa come as a surprise in the Foreign Office, where it was assumed that the practice of retirement at 60 would be upheld, in the nnlikely event that a career diplomat were offered the job. As usual, Sir Nicbolas haa falled to fit into the normal pattern of things. Throughout his career he has been an individualist, regarded by one part of the Foreign Office, and probably the majority, as unaccountably successful and a little too nonconformiat.

He would be hadd to describe as either a Conservative or Labour Party man. He is that type of aocial democrat, progressive on the one hand, certainly not avzerse to the idea of an elite on the other, who sits rather uncomfortably in the British political spectrum. Yet his service in Bonn and in Paris made him much more a man for the new British Covernment than the old.

His manner and hia enthusiasm for Europe made Roy Jenkins more of an ally than Jim Callaghan. In his discomfort at having to represent the Labour Covernmant'a lack of European conviction in Euro-capitals, he doubtless found an affinity to Lord Soames, Lord Carrington and Sir Ian Gilmour.

In his ambassadorial style, Sir Nicholas sets himself rather aloof from hls embassy. He keeps the authorship of his despatches very much to himself, and these reporta are a key element io his professional reputation. They are succinct, original, and do not mince their words. By all accounts be was most unpolitic in telling the Callaghan administration when and why its reputation had sunk in Bonn or Paris. When be left Paris — for assumed retirement — he wrote in his valedictory not of France but of the problems of putting acrosa foreign policy during years of Britisb decline.

Washiogton will not be disappointed in Sir Nicholas's social sttributes. The Hendersons specialise in parties wbose guest lists focus on tbe best snd brightest of all sorts, rather than on diplomatic requirements.

Onr man in Wasbington: Sir Nicholas Henderson KCMG

As the export drive has loomed larger in the livea of British diplomats, Sir Nicholas has used such parties for a little up-market salesmanship. He threw fashion-sbow parties in Bonn, and in Paris dedicated garden parties to the sales of Britisb garden equipment.

Sir Nicholas waa happier in Bonn than in Paris, and diplomatic life in Washington is undoubtedly more similar to the former than to the latter. The experience of both placea should prove invaluable as he attempts to put across the right compromise between Britain's "special relationship" and its EEC membership. In professional terms, it is an irony that aomeone whose iostincts are more Enropean than Atlantic has now landed the biggest trans-Atlantic job.

Mexico hints at inflation moves

BY WILLIAM CHISLETT IN ACAPULCO

AMID RUMOURS that the Mexican Covernment is considering a price freeze Sr. David Ibarra, the country'a Finance Minister, said new measures are being contemplated to fight inflation, which the Covernment hopes to limit to 13 per cent this year.

In a speech to the annual banking convention bere Sr. Ibarra warned that inflation was "a formidable obstacle" to the achievement of the Government's economic and social goals, but he dld not give details of the Covernment'a plans.

The gross domestic product was expected to rise by 7 per cent this year, he said, but added that the bankers should not be "dazzled" hy high growth rates.

He called for an end to excessive protectionism, greater effort to create jobs and greater consolidation of small farming units into bigger and more efficient plots.

The reference to protectionism was interpreted as a first sbot inthe Covernment's campaign to try to persuade the bighly protected private sector of the merita of joining GATT. Mexico is not a member and there is fierce opposition to joining from both the Left and the private sector.

The Government is attacbing more importance to the productivity of land than to its ownership, despite tbe controversy this is likely to arouse.

Sr. Ibarra also called upon workers to moderate their wage demands and for tbe private sector to think less about profits and mora about creating jobs. Unemployment and underemployment are estimated at over 40 per cent.

Foreign bankers were hoping the Minister would defioe more explicity tbe role of oil in the economy and foreign horrowing, hut Sr. Ibarra merely reiterated well-known policies. Oil production wonld be held to the kind of revenue with wbich the country could copa and the rate of growth in the foreign debt, now $28bn, would be rednced.

AP reports from Managua—Refugees report "many dead" on both sidea from three days of figbting between Sandinista guerrillas and President Anastasio Somoza's troops in northern Jinotega, Nicaragua.

National Guard officers reported only one soldier killed in the city, 150 kilometres north of Managua, and said troops were mopping up "the few sharpshooters still in bouses."

Refugees arriving in Managua on Monday reported numerous casualties. They said abont 300 guerrillas took over the city of 40,000 on Saturday night.

Saccharin ban turns sour

BY NANCY DUNNE IN WASHINGTON

DIETERS, DIABETICS and other sugar abstainers in the U.S. today face the revival of proposals by the Food and Drug Administration to ban saccharin. Congress has not renewed its 18-month moratorium, which expires today, on the ban, despite the public outcry against it.

The FDA will now reintroduce its 1977 proposal that saccharin be removed from foods and drinks and limited to tabletop use. The federal agency must accept comments for 15 additional months before the ban can be declared final.

During the past 18 months, in which Congress referred the question of saccharin's alleged cancer-causing properties to an eminent panel of the National Academy of Sciences, controversy has not abated. But scientists testifying before a Senate health subcommittee did agree on the following:

- Saccharin is a "weak" carcinogen which causes bladder cancers in a small number of animals. It is also a "promoter" of cancer which can help make other chemicals cancerous.
- Testing saccharin's effects on human beings has so far been inconclusive because of the large number of saccharin users needed for any significant studies.
- Evidence that saccharin may cause cancer in humans indicates that it causes them mainly in men. A recent Canadian study of 632 bladder cancer victims found that men who use the substance are 60 per cent more likely to get the disease than those who do not use it.
- The chemical should be denied to children, who may continue to use it in large amounts for many years.

However, Dr. Emmanuel Farber, a panel member, said scientists could provide data but representatives of the public "must evaluate the risk."

No substitute

Polls show that if the issue were left to the public, an overwhelming majority of Americans, whether saccharin users or not, would oppose the ban. Congressmen say the torrent of mail following the FDA's first announcement of the ban was second only to the outcry following President Nixon's "Saturday Night Massacre" during the Watergate scandals. Dentists, doctors and dieticians are insisting that the harm caused by high sugar use far surpasses the possible effects of saccharin on a small number of consumers.

The industry now has no effective saccharin substitute. In 1969, the Government banned cyclamates, then used with saccharin in diet drinks. The order followed rat tests, which critics said were backed by the sugar industry, showing cancer-causing effects in cyclamates. Cynicism mounted among the nation's 80m dieters and 10m diabetics when researchers announced discoveries of carcinogens in a seemingly endless succession of foods and drinks.

It grew when an FDA administrative judge said last year: "Cyclamate has not been shown to be a carcinogen or a food mutagen." The Canadian Health Ministry has expanded the use of cyclamates with this comment: "Since 1968, additional information and many new and more sophisticated testing procedures have led to the general agreement that cyclamates are not carcinogenic."

Delaney clause

The FDA is considering an appeal to allow cyclamates back into the food supply, although industry spokesmen doubt its effectiveness if it cannot be used with saccharin.

The industry is also trying to get approval of another artificial sweetener called aspartame, which so far is not available in the U.S. Its approval could come within a year but much will depend on who is chosen to succeed Mr. Donald Kennedy, outgoing head of the FDA, who has been opposed to saccharin.

The FDA is required by law to remove saccharin from the list of acceptable food additives if it is found to cause cancer in man or in animals. This requirement is laid down in the very controversial "Delaney Clause" of the Food, Drug and Cosmetic Act, and is under mounting attack.

The Calorie Control Council, which is leading the battle for the diet food and beverage industry, is challenging the Canadian tests which initiated the debate. Contending that the tests were "monumentally inconclusive," the council will provide funds for a new study with more rats and more levels of dosages than any previously made.

Mr. Robert H. Kellen, president of the Calorie Control Council, said evidence indicates that the "tremendous amount" of saccharin used in the Canadian experiment (the equivalent of 1,250 diet drinks a day over two generations) disrupted the animals' physiological processes and produced uninterpreteable results. The results of the tests, he said, could be attributable to the procedure itself. Similar adverse reactions have resulted from experiments with stuffing animals with tryptophan, an essential amino acid found in meat, milk and cheese.

With the invention of devices capable of detecting traces of substances at the level of one part in a billion, Americans are finding suspect almost everything they consume. Testers managed to create tumours with such natural hormones as estrogen, minerals like selenium and nutrients like Vitamin C. The potato has been found to contain solamine, which would kill a horse—if a horse ate at one time what human potato eaters consume over a year. Even the peanut, which brought Mr. Jimmy Carter to prosperity and the presidency, has been found unsafe because it contains aflaxton, which if taken in large quantities can cause cancer.

WORLD TRADE NEWS

CHINA FINANCE

Legal problems delay Japanese loan

BY CHARLES SMITH, FAR EAST EDITOR

CHINA WILL not be able to draw on a $2bn syndicated loan promised to it by a consortium of 22 Japaoese banks until agreement has been reached oo a judicial problem associated with the loan agreement, it has been revealed here.

The problem is whether or not to provide for independent arbitration of any legal dispute that might crop up during the loan's lifetime. The Japanese banks are insisting on the inclusion of an arbitration clausa oo the grounds that this is normal in international syndicated loan agreements.

China is said to be taking the view that any disputes about the agreement should be settled by negotiation between the Chinese and Japanese governments.

The question of independent arbitration was argued over at length when Japanese banks first began offering syndicated loans to East European borrowers but was eventually settled on Japan's terms. The Japanese hanks are citing the example of Eastern Europe as a precedeot for the China loan agreement.

Tha Bank of China, however, has contracted loans from other Western hanks which do not include independent arbitration clauses. The banks concerned include the five British banks, each of which recently concluded commercial loan agreements with the Bank of China.

The $1.2bn deposit facilities arranged between British banks and the Bank of China in December, with the backing of the Export Credits Guarantee Department, did not contain an arbitration clause either. But it is intended that the ECGD $5bn buyer credit facilities which the UK agreed in March of this year will include such a clause. Negotiations with the Chinese are still continuing on this aspect but it is understood that the Chinese have indicated that they will accept independent arbitration in Sweden.

Because of the disagreement between China and Japan about arbitration a letter of inteot rather than a loan agreement as such was signed last Friday when a high-level delegation from the Bank of China came to Tokyo. It is believed that another month or so may be needed to complete discussions on the legal aspects of the agreement.

Anything longer than that would be regarded as an unacceptable delay given China's need for foreign exchange and the need of Japanese companies which have signed plant export contracts with China to have their contracts implemented. Implementation of contracts signed as long ago as November and December last year is heing held up at present hecause China appareotly lacks the funds needed to make down payments on the contracts.

Althougb China appears to be facing something of a foreign exchange squeeze at present Japanese banks feel no doubts about the ability of Peking to repay the medium and long term foreign debts it has been contracting.

Japanese bank loans to China are being made within the framework of the $20bn long term trade agreement which provides for the two countries to excbange an equal value of goods over an eight-year period. Tbeir essential pnrpose is to bridge the payment gap which will appear during the early years of the agreement wben the value of Japan's exports to Cbina temporarily ruo ahead of the valne of China's exports to Japan.

The Japanese syndicated loan is repayable over 4½ years and will cost the Chinese 0.5 per cent over LIBOR (tbe same rate charged by UK banks on their China loans).

The $2bn syndicated loan forms part of an overall financing packsge which also includes a Y420ho ($2hn) development loan from the Japanese Export Import Bank to the Bank of Cbina and the probability of deferred payment financing for some individual plant export contracts negotiated hy Japanese companies. The purpose of the Ex-Im Bank loan is to finance the development of Chinese oil and coal for export to Japan uoder the eight year agreement.

Deferred payment financing of individual plant export contracts should help Chioa to alleviate its short term payments problem but poses difficult problems for the Japanese hanks aod companies involved.

China is likely to demaod the "mioimum OECD rate" for such financing — for example 7.25 per cent on loans repayahle over less than five years. Jaoanese exporters will oot be ahle to offer such rates (on dollar denominated loans) without some degree of subsidisation given the cost to Japan of raising dollars in international markets.

Concession on inspection

BY RICHARD HANSON IN TOKYO

THE JAPANESE Cabinet yesterday approved the Government's intention to simplify import inspection procedures as demanded by the EEC Commission in past and recent talks.

The Ministry of International Trade and Industry (MITI) expects that revision of regulations on pharmaceuticals will be able to be passed by the Diet by the beginning of next year to allow acceptance of European safety test data.

Consideration is being given on recognising tests for poisonous side-effects, and making it easier for new medicines to enter the market.

Agro - chemicals, sanitary equipment and electric and gas equipment inspection procedures will also be considered for approval.

However, in cases like the electric and gas equipment, the EEC will have to agree to pay the cost of sending Jananese inspectors to Europe for on-site investigations.

The Cabinet said it will call for domestic industrial standards to conform to international ones as mnch as possible, while paying due consideration to the views of concerned parties in and out of Japan.

● The Overseas Construction Association of Japan said foreign orders received hy Japanese construction companies in 1978 rose hv 33 per cent to a record Y482hn from Y362bn in 1977, reports Reuter from Tokyo.

The association attribnted the sharp rise to big orders from South-east Asian countries, including a Y79bn order for underground railway construction in Hong Kong, a Y78bn order for an aluminium refining plant in Indonesia and a Y74hn order for airport modernisation in Singapore.

● Janan's Toyota Motor bas exported 10m ears and trucks since July 1936 wben it first shipped trucks overseas, officials said in Tokyo, reports AP-DJ from Tokyo. Officials of Toyota Motor Sales, Toyota's sales arm, said the 10 millionth car was shipped last week.

Material progress on GATT

By David Buchan in Washington

THE WAR of Jenkins' word is over. Key committeemen in the U.S. Senate and House of Representatives have bowed to insistent demands by Mr. Roy Jenkins and the European Commission that the adjective "material" precede the nonn "injury" in the legislation that the full Congress is shortly to take np to implement the GATT trade agreements.

The issne may seem trifling to a degree. But it constitutes a major victory for the EEC, which bas fought long and hard to ensure that American companies have to prove substantial damage or material injury, before U.S. countervailing duties are imposed on imports subsidised by foreign governments.

The Carter Administration had agreed to include the material injury test in its laws during the GATT negotiations, and in return other countries, notably the EEC, promised to curb their export subsidies. Bnt the Senate Finance Committee initially banked at the U.S. concession and wanted to strike ont any definition of injury as material.

The precise language is important because, though it is the U.S. Treasury which imposes countervailing duties and it could be expected to abide by the spirit of agreements reached in Geneva, disputes inevitably end up in the U.S. in the courts, which go by the letter of the law.

The Administration is due to present formally the GATT trade package to Congress at the start of June. But because the law prevents Congress or its committees thereafter amending the package, all the horse-trading will take place this month.

First quarter surge in W. German exports to UK

BY GUY HAWTIN IN FRANKFURT

THE VALUE of West Germany's exports to Britain shot ahead by more than 26 per cent during the first quarter of the year. This was well above the exceptionally strong average 10.4 per cent growth in the Federal Republic's total exports.

In the first quarter of 1978 Britain absorbed 5.6 per cent of all West German exports, and by the end of the comparable period of 1979, the figure had risen to 6.5 per cent. In March, 7.1 per ceot of all the Federal Republic's exports went to the UK.

Against this, relatively stagnant sales of British North Sea oil during the opening three months of the year produced a decline in the growth of UK exports to West Germany. During the period total British exports increased by 10.7 per ceot—well below the overall average 13.5 per cent increase in West German imports and also markedly less than Britain's 1978 growth figure of 15.5 per cent.

The UK's non-oil export performance, however, still far outstripped the Federal Republic's average import growth rate for the quarter. British non-oil exports to West Germany increased by 13 per cent, slightly up on 1978's 11.8 per cent, while total West German non-oil imports rose by 6.3 per cent.

Even so, Britain's share of the West German imports market, at 4.7 per cent, remains unchanged since the first quarter of 1978. The non-oil import share, however, has strengthened slightly in the same period from 4.6 per cent to 4.9 per cent.

But the West German surplus in its trade with the UK has widened greatly. It has risen from DM 1bn (£390m) in the opening three months of last year to DM 1.7bn in the same period of 1979.

During the first quarter of this year their exports to the UK totalled DM 4.8bn compared with DM 3.8bn 12 months earlier. British total [illegible] amounted to DM 3.1[illegible] DM 2.8bn a year earlier [illegible] non-oil exports rose [illegible] DM 2.5bn to DM 2.8bn.

The figures, [illegible] British Embassy [illegible] officials, from the [illegible] the Federal German [illegible] Office, are distorted by West German stockpiling of oil. For instance, for calendar 1978 total West German imports grew by only 3.7 per cent—reflecting the effects of the appreciating Deutsche mark on the oil price —while non-oil imports increased 5.8 per cent.

In the first quarter of this year, the 13.5 per cent growth in total imports reflects the rise in oil purchases when set beside the 6.3 per cent rise in non-oil imports. However, this does not alter the conclusion that the Federal Republic is enjoying far greater success in penetrating the British market than the UK has had in West Germany.

Swiss centre for pirate tapes

BY BRIJ KHINDARIA IN GENEVA

SWITZERLAND IS fast becoming a major centre for the production, distribution and sale of pirated musical records and recorded cassettes. The value of this business is currently estimate at SFr 10m (£3.5m), accounting for about 5 per cent of the total market for such products.

Two companies involved in the management of authors' aod performers' rights, Suisa SA and Mechanlizenz SA of Zurich, have disclosed that they have so far uodertaken six civil cases which resulted in light fines aod the seizure of some materials.

In a major case in Mootreux two years ago some 33,000 pirated recorded cassettes were seized.

In a separate move Rediffusion SA of Zurich and the Swiss post and telegraphs have been sued by Austria's radio and television authority for illegally rebroadcasting Austrian television programmes over cable networks.

Austria has started legal proceedings in Switzerland's supreme court (Federal Tribunal) in Lausanne charging that the Swiss are stealing Austrian intellectual property because no royalties or other fees are paid to Austrian performers.

The West German television network has also complained to the Swiss postal authorities, and negotiations are currently under way concerning the rebroadcasting of German television programmes in Switzerland without permission.

Complaining about the pirating of musical materials through cassettes and records, Mr. Jurg Rordorf, the president of the Swiss wing of the International Federation of Producers of Phonograms and Videograms, this week called for changes in existing laws because "illegal reproduction and distribution of illegally made copies is not banned in an absolute way."

Existing Swiss laws, which differ according to the township, or canton, involved, do not contain any clear provision for penal pursuit of offenders who handle counterfeit musical material. Cantonal authorities tend to deal with complaints under civil procedures, which are seen as being insufficient as deterrents.

Most pirated materials sold in Switzerland are in the form of cassettes whose quality and packaging is said to be indistinguishable from those produced by the established recording companies, and a substantial trade in pirated records exists because of Switzerland's liberal import regulations which allow any Swiss citizen to import any product with payment of modest customs duties.

Portugal in refining deal

BY JIMMY BURNS IN LISBON

PETROGAL, the Portuguese nationalised oil company and Amerada Hess of the U.S. have signed a contract for the annual processing of 2.5m tonnes of crude oil at the Sines refinery near Lisbon.

The contract will lead to greater utilisation of the refinery which has been running at only 55 per cent of its total capacity since going on stream in January of this year. This figure is expected to increase to 80 per cent by the end of 1979.

In signing the contract estimated to be worth around $10m per annum, Petrogal appears to have overcome some of the initial obstacles posed by a drop in domestic energy consumption in recent years.

Sines is one of three refineries in Portugal which between them have a capacity of 20-mte a year. Portugal last year consumed only 7.4 mte.

Short list being drawn up for Saudi causeway

By Our Own Correspondent

THIRTY-NINE international consortia are in the running to build the 24-kilometre Saudi-Bahrain causeway, according to businessmen in Bahrain.

But the final list of approved tenderers, which will be submitted to the two Governments towards the end of June, is expected to be pared down to 15 or 18.

The initial selection of 39 was made by advisers from the World Bank, a team of Danish consultants and members of the technical committee for the causeway project, at their meetings in Washington this month. Only a handful of applicants met all the criteria.

Fall in U.S. Scotch sales

BY OUR CONSUMER AFFAIRS CORRESPONDENT

SCOTCH WHISKY sales in the U.S., as measured by duty payments, fell by 17 per cent in the first quarter of the year, according to trade sources.

Between January and March this year, duty was paid on 9.5m U.S. gallons of whisky—a 17 per cent decline from the first quarter of 1978. The bulk import of Scotch whisky into the U.S. for local bottling fell by 18 per cent, to 3.7m gallons, while bottled Scotch imports fell 18 per cent to 5.8m gallons.

However, the slump in sales may not be as substantial as the figures suggest, since the first quarter of last year saw steeply increased withdrawals of whisky from bond in anticipation of a price rise.

Meanwhile, a new survey of the whisky industry—published by the Tomatin Distillers' company—suggests that from 1982 onwards malt whisky consumption will exceed production.

The survey, by Dr. David Targett and Mr. Raymond Ashton of the London Business School, estimates that production of 78.8m original proof gallons will be required in 1980 to bring whisky stocks into equilibrium in the year 1986.

Singapore subway

Mr. David Coughtrie, the London Transport architect responsible for Heathrow Central station and Mr. Colin Gray, a top Underground railway manager are visiting Singapore as consultants helping to plan a new rapid transit system. Other London Transport officers will advise on rolling stock, track specification and signalling.

UK NEWS

Steel men offered larger pay-offs

By Robin Reeves, Welsh Correspondent

THE BRITISH Steel Corporation is pressing ahead with further redundancies at its Ebbw Vale works, South Wales to reduce manning to internationally competitive levels.

Workers at the plant, where steel making was ended a year ago, with the loss of about 2,000 jobs, under BSC's cost-cutting programme, have been offered enhanced redundancy payments if they will agree to quit between now and March next year.

The redundancy terms are subject to negotiation with steel unions, but BSC management wishes to reduce the workforce by 650 and has indicated it would be ready to pay up to 16 weeks' wages on top of the corporation's normal severance payments.

This would reduce to 3,800 the workforce at Ebbw Vale which is now mainly concerned with tinplate production. Before the steel corporation first announced its intention to phase out steel making at Ebbw Vale, it had well over 9,000 workers.

Naphtha rises start new ICI price round

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL Industries has started a further round of petrochemical price increases of up to 55 per cent.

It said yesterday that it was "distinctly worried" about the chemical industry's ability to pass on the latest dramatic rises in raw material costs.

The price of naphtha, a vital petrochemical feedstock, has risen by over 19 per cent on the spot market in the past week. It seems certain that contract prices will start surging up.

Some sectors of the industry fear that demand for chemical products will drop if companies try to pass on feedstock cost increases of this order to their customers.

Their anxiety is fuelled by the knowledge that they have already passed on a series of substantial raw material cost increases to customers since the New Year.

ICI's latest product price rises, accepted by the Price Commission, were designed to cover feedstock cost increases earlier this year.

The group is increasing its ethylene price by 22 per cent to £600 a tonne; propylene 38 per cent to £415; benzene 38 per cent to £500; paraxylene 55 per cent to £570; terephthalic acid 34 per cent to £560; phenol 47 per cent to £595; ethylene glycol (fibre grade) 38 per cent to £750; and di-octyl phthalate 20 per cent to £960 a tonne.

These increases, being implemented now by ICI, are intended to cover the rise in feedstock costs between June 1978 and March. In this period spot price of naphtha rose from about £140 to £300 a tonne.

In the past six or seven weeks spot price of naphtha fell back and levelled out at about £260 a tonne.

In the past seven days it jumped by more than £50 a tonne in response to rising price of crude oil.

The Chemical Industries Association predicted yesterday customer resistance to further price rises in products will meet with intense customer resistance and attempts to raise chemical prices substantially.

Raw material costs were going up "too much and too quickly" to be easily passed on.

"With energy costs increasing, further rises in prices of petrochemical 'downstream' products, such as polyethylene film, could prove 'the straw that breaks the camel's back.'"

All manufacturing companies would look at ways of economising, and some might well decide to use less film packaging where it was not strictly necessary.

"Chemical companies may put up their prices so much, even though their grounds for doing so are perfectly reasonable, that demand could start to fall away," the association said.

Pressure on world oil supplies and prices made it most unlikely that price of naphtha, which is made from oil, would drop.

Even if its spot price fell, and only a small part of the world supply was sold on the spot market, contract prices were still almost certain to increase. Contract prices are normally lower than spot prices.

ICI said that if naphtha contract prices rose they "would have to be passed on down the chain." Cost increases the industry had already passed on meant it had "pushed things to the limits, and any further price rises in products will meet with intense customer resistance."

BP Chemicals and Esso Chemicals both said that further increases in the price of petrochemical raw materials would "have to be passed on."

Esso Chemicals said it had been warned by Esso Europe that its naphtha supplies could be cut by as much as 10 per cent.

The possibility of 10 per cent cuts applied to Esso companies throughout Europe, though Esso Chemicals in the UK had not yet been affected.

The new increases in naphtha spot prices will almost certainly mean that third-quarter prices will be negotiated later than usual, as producers and buyers wait to see how the market goes.

Cosmos chief criticises airlines

BY ARTHUR SANDLES

SCHEDULED airlines are trying to use fuel price increases as a weapon to halt the trend to lower air fares, said Mr. Sid Silver, managing director of Cosmos Tours, one of Britain's biggest tour operators, yesterday.

"The airlines are trying to reverse the trend towards lower fares for totally phoney reasons," said Mr. Silver. "They have improved the economic use of their aircraft, yet still cry halt, and manoeuvre to reverse the trend."

Mr. Silver said the reason for this is that many international airlines are still "pitifully inefficient." He was keen to make the point tour operators were able to offer lower prices not only because they made full use of their aircraft and buses, but also because they were more efficient and kept down overheads.

The point of this attack on scheduled airlines was to stress the probability of the general movement towards lower air fares worldwide being halted by the impact of fuel shortages and price rises.

Two-centre

In launching a new Cosmos winter programme, Mr. Silver revealed plans to run what is probably Britain's first schedule of two-centre package tours to both Israel and Egypt for the mass market.

The border between the two countries officially opens at the end of this month. Cosmos intends running two-week tours—with one week in each country—from autumn this year. Prices will range upwards from £337 for 15 days.

The Cosmos winter programme indicates the way in which prices are going at the moment, due to general inflation and the specific problems of individual countries. As a broad average package tour, prices to Spain are up 21 per cent; to Greece 19 per cent; to Tunisia 12 per cent; and to Italy 10 per cent.

The Cosmos programme once again endorses the enormous growth of British traffic to the U.S. Latest brochures contain several pages of holidays, to all parts of America, which cost from £190.

Price Commission attacks furniture polish discounts

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION yesterday renewed its criticism of manufacturers who offer discriminatory discounts to large customers.

In its report on the manufacture of floor and furniture polishes, published yesterday, the commission—to be wound-up by the Government—is particularly critical of two forms of discount.

It says that discounts on selling prices which are given on a "contractual basis" are for the most part "discriminatory in their application." The commission comments that this practice "is undesirable because it is disadvantageous to small retailers."

It suggests that manufacturers "should move towards allocating discounts and promotions in a non-discriminatory way. "We consider it desirable that discounts should be related either to cost savings or to published levels of off-take."

The report also points out that the other major practice of overriding discounts—which are offered retro-actively to multiple stores for achieving a sales target on all goods purchased from a company—also discriminate further against the small retailer.

Target

"Although they are not large, we conclude that over-riding discounts should not be increased in percentage terms per account, so that any further tendency to reduce competition between suppliers is avoided," the report says.

The commission makes clear that it would have examined any future price rise from manufacturers of floor and furniture polishes in light of subsequent action on offering discounts. But such a threat is now irrelevant following the Government's decision last week to scrap the commission.

Its examination of the market shows that the floor and furniture polishes industry is dominated by Johnson Wax, with about 50 per cent of the market, and Reckitt and Colman Products with a rising 30 per cent share. The overall market has been slow to grow, says the report, and was worth some £18m in 1977.

Aerosol products account for 86 per cent of the market and, weight for weight, contain considerably less active raw materials than paste polishes. But, due to the efficiency of the aerosol as a dispenser, they polish more area per penny, points out the report. Both Johnson Wax — who make Pledge, Favor, and Sparkle—and Reckitt and Colman—makers of Mansion, Choice and Mr. Sheen—have healthy net profit margins and returns on capital.

TV advertising

Investment, which has generally been undertaken to improve efficiency, is being financed out of operating cash flow. The report also points out that television advertising sometimes accounts for between 10 to 15 per cent of the selling price of well-established polish brands. Because of the limited nature of the market, manufacturers should keep this kind of advertising to a minimum.

The commission has consistently criticised special manufacturers' discount to large customers and the issue is being investigated by the Monopolies and Mergers Commission, which is due to make its report later this year.

Mrs. Sally Oppenheim, Minister for Consumer Affairs, said yesterday that she would draw the commission's findings to the attention of the Monopolies and Mergers Commission.

Last night Johnson Wax said that the commission's allegations on advertising expenditure were "unfounded." It also made clear that it had been reviewing its policies on discounts for some time and intended to remedy any existing anomalies.

Prices, cost, and margins in the manufacture of floor and furniture polishes, Price Commission, HC 13, SO, £0.89p.

State and bank aid Welsh concerns

By John Elliott, Industrial Editor

THE RANGE of State aid schemes aimed at solving small companies' financial problems has been boosted by a bank loan guarantee venture set up jointly by the Welsh Development Agency and National Westminster Bank.

The agency is to provide guarantees for loans of up to £50,000 made by the bank. This complements other work already carried out by the agency which has provided loans totalling £1.9m for more than 100 small companies in Wales since it was set up in 1975.

The Conservative Government does not approve in principle of State-aided entrepreneurial activity involved in the new venture. But it seems unlikely to try to stop it since its first priority is to curb the activities of the National Enterprise Board rather than the board's counterparts in Wales and Scotland. It also intends to honour existing commitments.

The Welsh initiative follows the creation last year by the NEB's north east office and the Midland Bank of a joint company to provide loans of up to £50,000 to small companies.

Guarantees

The joint company, called Newtown Securities (Northern), has so far agreed to lend a total of £110,000 to five small companies. It plans to extend this arrangement, with some modifications, to the NEB's north-west area.

But while Newtown involves an equal amount of bank funds and State aid being provided for the loans, the Welsh arrangement only involves the development agency providing guarantees for applicants who lack the security or record normally required by the bank.

The bank will provide loans for up to ten years and the development agency will charge a commitment fee on its guarantee which will normally be 1 per cent a year.

These arrangements were negotiated before the general election at a time when Mr. Harold Lever, then Minister for small firms, was trying to persuade clearing banks to introduce their own guarantee schemes. He was interested in trying such a guarantee arrangement, possibly with limited State aid, as an experiment in certain regions of the country.

Now this Government has to decide whether to continue to try to persuade all the banks to introduce their own guarantee arrangements. It is unlikely, however, to agree to any wide-ranging State support for such a scheme.

Anglo-U.S. computer deal move

By John Elliott, Industrial Editor

THE NATIONAL Enterprise Board's controversial computer peripherals link with Control Data Corporation of the U.S. has been given the go-ahead at an extraordinary general meeting of Data Recording Instrument (DRI), the NEB subsidiary involved in the deal.

The future of the deal now rests on the progress of legal action that has been started by Grundy (Teddington), which used to own DRI and is now a minority shareholder.

Grundy has been trying to stop the deal, claiming that the value of its 13 per cent shareholding would be diminished through losses that have been forecast for the next two years.

But its case has been rejected both in the High Court and by two Appeal judges. Now it has to decide whether to have its case re-tried before three Appeal judges.

Informal talks have been taking place between legal advisers for the parties to see whether the NEB would agree to an independent valuation of Grundy's stake being made as if the Anglo-American venture had not been set up.

This would raise the value of Grundy's 850,000 shares above the level that Grundy expects them to be worth.

Hopes expressed by Grundy that Sir Keith Joseph, the new Industry Secretary, might intervene and stop the deal going ahead have not been realised. There is no sign of Sir Keith taking any action on the matter.

Economic indicators sound an uncertain note

BY DAVID FREUD

UNCERTAINTY about the medium-term prospects for the UK economy were disclosed in figures published yesterday by the Central Statistical Office.

There has been a sharp rise in the composite index of longer leading indicators, which is aimed at indicating turning points in the economy about a year in advance.

However, it is still too early to interpret the signs with any degree of certainty. Officials considered the figures deceptive.

The March rise in the longer leading index was confirmed in the latest set of figures, and there was a further substantial rise in April.

This index had been falling steadily for 16 months, apart from one hiccup last August. While the March rise is confirmed with the inclusion of all four of the participating indicators, the sharper rise in April is based only on the drop in short-term interest rates and the rise in the FT-Actuaries 500 index.

Officials doubt whether the other two indicators which make up the index—housing starts and the net acquisition of financial assets by companies—will support the upward trend when they are added next month.

If they fall to do so, when the trend is viewed in a few months' time the March rise may turn out to be another temporary hiccup and not a turning point.

Two other sets of indicators show rises for the first time. Both have caught Government statisticians by surprise and so are viewed with suspicion.

The composite index of shorter leading indicators rose sharply in February and more moderately in March, after falling steadily since August. This index looks forward about five months and suggests an upturn in the late summer.

However, the improvement is based only on the first-quarter bankruptcy figures and the sharp rise in new car registrations, and officials believe the three missing indicators (in particular wages) will pull the index back when they are added.

The index of coincident indicators, reflecting the current position, is also recovering—again on incomplete evidence. This index is now shown to have been rising from December to March, the latest month for which figures are available.

This rise reflects the recovery after the bad weather and industrial disputes of January, already reflected in better retail sales and production figures.

As well as these two indicators, this index includes the CBI capacity working findings. Additions of the further indicators is expected to confirm the evidence already available.

Chester Barrie agreement with U.S. company

CHESTER BARRIE CLOTHES—the men's wear manufacturer—has signed an agreement with Hickey Freeman, under which the American company will import Chester Barrie clothing and manufacture the British company's clothing range under licence.

The agreement comes into effect in September. The two companies have exchanged technical knowledge and expertise for a number of years.

Chester Barrie—it exports more than 50 per cent of its total production—is a member of the Austin Reed group; Hickey Freeman is associated with Hart, Schaffner and Marx, of Chicago.

London, Wales hit by phone delays

BY JOHN LLOYD

HEAVY demand for telephones has extended waiting lists up to a year in London and Wales, the worst affected areas.

There are wide variations within the two regions. Rickmansworth and Erith are the two parts of the London area with the longest delays of about a year, while in South West London some are being made within a week.

Bromley, Shepherds Bush, Southall and Kensal Green the delay is about nine months.

The Post Office said last night that it was impossible to give an average waiting time for the capital.

It appears that the longest delays are met by domestic customers, whose demand is heaviest, and that business connections are being made relatively quickly. In the worst-affected London exchanges a system of priority lines has been instituted, so that a reserve is always available for doctors and other people needed in emergencies.

The Post Office counts the Buzby campaign, aimed at domestic customers, an enormous success and reckons it responsible for the sharp rise in demand.

Officials believe there is still scope for considerable growth in demand for telephones.

The UK now rate tenth in its number of phones per head of population, with about 45 (75 in London) per hundred people. The Post Office predicts that the national figure will match the present London figure by around 1990.

The corporation is still feeling the effect of the engineers' industrial action last year, which delayed the introduction of new exchange equipment, and there is a shortage of new equipment in some areas because of the recent clerical workers' dispute.

Local council polls go ahead tomorrow

By Paul Taylor

POLLING in the delayed parish, town and community council elections takes place tomorrow in England and Wales.

The 8,834 local councils form the third and bottom tier of the local government structure representing more than 10m people and controlling about £30m in public spending each year. Polling for the 65,000 local council seats was to have taken place on May 3 — the same day as the district council elections —but was postponed because of the general election.

The additional cost of holding a second round of local authority elections is likely to be about £500,000, which will be met from central government funds.

Domestic air rises approved

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Civil Aviation Authority has approved rises in fares on domestic air routes flown by British Caledonian Airways.

The Gatwick-Glasgow/Edinburgh single fare will go up from £33 to £37 from June 1, while the Gatwick-Manchester fare will rise from £24.30 to £26, and the Gatwick-Birmingham single rate from £19 to £20.

Off-peak fares between Gatwick and Glasgow/Edinburgh will rise from £21 single to £22.

These rises, announced yesterday, result in dearer fares from Gatwick to Scotland than from Heathrow. This difference is justified, says the CAA, as British Caledonian offers cabin service with meals, and because the rises take account of more recent fuel price increases than in the case of fares from Heathrow.

The increased revenue from the higher fares will also offset some of the deficit British Caledonian experiences in operating these routes.

Commenting on the increases yesterday, Mr. Adam Thomson, chairman of British Caledonian, said: "In the 12 months up to March, 1980, we estimate that our fuel costs on domestic routes alone will increase by £500,000."

But he added that even with the increases, the off-peak rates still offered substantial savings for those willing to fly in the off-peak periods of the day and at weekends.

Mr. Thomson said that, while in the 1977-78 year the airline had made a trading profit on all its operations of £9.9m, this year it would lose £2.25m on the UK domestic trunk routes.

Legal aid applications fall by a quarter

BY A. H. HERMANN, LEGAL CORRESPONDENT

APPLICATIONS for legal aid fell in 1977/78 by 25 per cent to 230,896, and the number of legal aid certificates issued fell by 29 per cent to 149,455.

The fall is attributed to the restriction of legal aid for undefended divorce made possible by simplification of the procedure in such cases.

The Legal Aid Advisory Committee report, published yesterday together with the Law Society's report on its administration of legal aid, uses these figures to illustrate the desirability of simplifying the legal business in other fields as well.

The committee points out that unnecessarily complicated law, cumbersome procedures, or unduly legalistic approach bring unnecessary demand on scarce financial resources. Moreover, many people are deterred from going to law to defend their rights.

The Law Society takes the view that the fees now available to solicitors for legal advice under the "green card" system (when the client is advised but not represented in court) are insufficient in divorce cases and create inequality between paying and non-paying clients.

However, the committee takes the view that the fees can be increased in individual cases, and that the resources released by eliminating the need for legal representation contributed to the cost of substantial improvements in the financial conditions for legal aid introduced on April 6.

The committee suggests that eliminating unnecessary complexity in the procedure before tribunals, or in the law itself, may answer those who now urge that legal aid should be available also for representation before tribunals.

Prestcold workers put rescue plan

By Hazel Duffy, Industrial Correspondent

REPRESENTATIVES OF the 900-strong workforce at Prestcold's two closure-threatened Scottish factories said yesterday they have drawn up a plan which will ensure they can return to profitability within 18 months.

The plan, which has been sent to the National Enterprise Board and the Scottish Office, involves the introduction of a new compressor by next February to replace the current uncompetitive model.

It claims the new compressor can be brought into production at a cost of only £400,000, and that, together with new tooling, the whole scheme could be put into effect for £1.5m instead of £8m—which Prestcold says is necessary.

The alternative of complete closure "will cost BL (Prestcold's parent company) £4.5m, and the product will be replaced by imports to the value of about £12m."

A statement from the committee representing senior staff at the factories, which has the support of the workforce, said yesterday: "It is the feeling of the entire workforce that the closure of the Scottish operation is part of a re-organisation of the complete Prestcold group, and involves transferral of existing viable products amounting to approximately 50 per cent of our current business, from Scotland to their plant in the south of England."

Heavy lorry inquiry goes on

BY LYNTON McLAIN

THE GOVERNMENT is to go ahead with the proposed inquiry into heavy lorries announced by Mr. William Rodgers, then Transport Secretary, in March.

Mr. Norman Fowler, Transport Minister said in a written House of Commons reply yesterday that the terms of reference were unchanged.

A committee, not yet named, will consider the "causes and consequences of the growth in the movement of freight by road and in particular the impact of lorries on people and their environment."

Mr. Fowler said that the Government recognised the importance of heavy lorries to the economy. "We need to see how the public interest is best served taking account of economic benefits and the damage and disruption caused," he said.

The inquiry would examine the possible need for changing in the upper limit on lorry weight, now set at 32 tonnes, compared with the 40 tonnes or 44 tonnes favoured by the Freight Transport Association.

Hawthorn wins £2m order

CLARK HAWTHORN, the Tyneside marine engine builder, has won an order for two Sulzer diesel engines worth a total of £2m. The company said yesterday that the order removed any fears of further redundancies among the company's 1,200 workers on Tyneside until at least Christmas and possibly Easter.

Crown Agents 'had doubts on Wheatley'

THE CROWN AGENTS' former finance director, Mr. Alan Challis, tried to have Mr. Bernard Wheatley removed as a money-market manager for the Agents.

He told the tribunal investigating the Agents' £200m losses that he had "certain doubts" about Mr. Wheatley; he felt his judgment was suspect "often enough to cause me concern."

He made more than one effort to have Mr. Wheatley transferred but others thought Mr. Wheatley highly competent and he remained in his post.

Mr. Challis, who resigned his appointment in 1973, was giving evidence yesterday, the 100th day of the investigation, into the Agents' 1967-74 involvement in secondary banking and property.

Mr. Wheatley died in July 1977 while awaiting trial on corruption charges connected with loans by the Crown Agents to Mr. Sidney Finley's Big City Finance.

Mr. Finley was convicted last year of two offences of corruption involving loans totalling £182,725 to Mr. Wheatley in 1974.

Mr. Challis said that responsibility for general guidelines for lending and monitoring the Agents' lendings was at all times with the head of the banking department.

He had this general responsibility when he was head of finance, and at that time supervised Mr. Wheatley.

He ceased to be responsible for primary control of lending, and incidentally for direct supervision of Mr. Wheatley, when he became director of finance.

"I did tell my successors of my reservations about Mr. Wheatley and cautioned them to keep an eye on him. Thereafter it was not up to them to supervise him and the operations of the department generally."

The tribunal chairman, Mr. Justice Croom-Johnson, asked what his reservations about Mr. Wheatley were.

"I should first of all make it clear that they were not reservations about his integrity.

"I had reservations about his judgement, and in particular I though he was undisciplined. It was very difficult to get him to toe the line in matters of keeping to ratios and giving returns."

Mr. Challis said Mr. Wheatley seemed too prone to give instant decisions about lending, "without proper reflection." He had the impression that Mr. Wheatley regarded guidelines and operating rules as irksome and unnecessary.

But he seemed a knowledgeable money-market dealer, and his superiors regarded him highly.

Mr. Challis said he made more than one attempt to have him moved to another department but never had "sufficient real grounds" for insisting on his transfer.

"I wish to make it perfectly clear that my reservations were about his competence and did not derive from any suspicion of malpractice. I say this particularly because there were later suggestions of corruption."

The first suggestion of corruption was passed to him by Mr. Charles Raw, then of Guardian, who had heard rumours that Mr. Wheatley was receiving payment for directing business through a particular broker.

Mr. Wheatley strongly denied the allegation when interviewed. "He was quite vehement in his rejection of the suggestion, and I thought he was convincing," said Mr. Challis.

But it turned out that over half the agents' money-market business was conducted through one firm of brokers, and it was decided that Mr. Wheatley should spread the agents' business.

Later Mr. Michael Kelly, chairman of the Foreign Exchange and Currency Deposit Brokers' Association, and another broker confirmed the existence of the rumours, but were unable to name anyone to substantiate them.

Further searches for the source of the rumours found nothing to confirm them.

Mr. Wheatley was instructed to give regular statements showing how much Crown Agents business went to individual brokers.

A few months later he was told by Sir Claude Hayes, head of the agents, that a further allegation of a more specific nature had been made. An outside investigation was made by the Agents' solicitors, but they found nothing to support the allegation.

"Thus, despite inquiry, no tangible evidence was ever obtained that Mr. Wheatley had ever been guilty of any impropriety," said Mr. Challis.

But at the end of the day he had to accept responsibility for not detecting that those whose job it was to monitor Mr. Wheatley were not doing it adequately.

The hearing continues today.

Bartolommeo work for auction

SALEROOM

BY ANTONY THORNCROFT

THE MOST important Old Master painting to appear on the market for two years comes under the hammer at Christie's on June 29. It is Fra Bartolommeo's *Madonna and Child with St. Elizabeth and the infant St. John the Baptist*, which was probably painted as an altarpiece for a church in Florence in 1516. Now it is being sold on behalf of Brenda, Lady Cook, the widow of Sir Francis Cook, who died last year.

Works by Fra Bartolommeo are so rarely on the market that it is hard to suggest a likely price, but Christie's expects a successful bid in the £750,000 range.

Among other important paintings in this auction are a Canaletto view of Greenwich Palace and works by Brueghel the Elder, Teniers, Van Os and Giovanni di Paolo.

Sotheby's yesterday sold in London for £70,975 the collection of English pistols assembled by an American businessman, John A. Williams. Top price was £4,800 from Scott Arms for a flintlock repeating pistol by Mortimer of London of around 1800, followed by £4,600 for a second model Collier flintlock revolver of around 1824.

At Phillips, a volume of *Relation de la Bataille de Marengo*, by Louis Alexandre Berthier, with Napoleon's arms on the binding, sold for £2,200. The book was given by Napoleon to his surgeon, O'Meara, on St. Helena. A leaf from Chaucer's *Canterbury Tales* printed by Caxton in 1478 sold for £480.

NCB–Shell in mining link

BY JOHN LLOYD

THE National Coal Board and Shell are to collaborate on the development of coal mining projects throughout the world.

The two organisations have each acquired a 25 per cent stake in Overseas Coal Developments, a company formed four years ago. Its major project has been the German Creek coal mine, near Rockhampton, Queensland.

The other two shareholders in the company, each also holding 25 per cent, are Inter-Continental Fuels (in which the NCB has a 25 per cent stake) and Austen and Butta of Australia, in which Shell has a 36 per cent stake.

The company is now looking at a number of possible opportunities—mainly in Australia and the U.S. It will primarily be interested in steam (power station) coal markets, and will have a special interest in the international coal trade. Inter-Continental Fuels, one of the shareholders, specialises in worldwide coal trading.

A prime market for the organisation's products will be Western Europe, where the consumption of steam coal, which stood at 25m tonnes last year, is expected to double by 1985 and to approach 200m tonnes by the end of the century.

However, as the company concedes, this sphere of activity may bring it into conflict with the NCB itself. The board regards the Common Market as a prime target of its own, and has fought long and hard for an EEC steam coal subsidy to allow it to sell its coal—the cheapest produced in Europe, but still considerably more expensive than coal from many other countries—at competitive prices within the EEC.

A scheme to subsidise European coal, at a cost of £67m, has been stalled in the Council of Ministers for the past two years. If it went through—it is to be re-presented this year—it is reckoned the UK could sell between 5m and 6m tonnes.

The main argument against the subsidy comes from the non-coal-producing EEC members, who presently have access to cheap coal from Poland, Australia, the U.S. and South Africa. If successful, OCD would be supplying this comparatively cheap steam coal.

However, the company believes the NCB cannot be left out of the general growth of the world coal trade, and that its expertise, particularly in the increasingly popular technique of longwall mining, is a highly saleable commodity — often more saleable internationally than its coal.

None of the partners have so far committed substantial sums to their joint enterprise. Each project will be considered individually, and the exact percentage decided case by case.

While its present interest is mainly in steam coal, with some possible trade in coking coal, the company looks towards the end of the century, when coal may begin to replace oil as the raw material for motor fuel and chemical feedstocks.

European official censures UK unions

By Nick Garnett, Labour Staff

THREE OF Britain's biggest trade unions were heavily criticised yesterday by a leading European union official for turning their backs on international co-operation in a dispute involving black South African workers.

In an unprecedented censure, Mr. Dan Gallin, secretary general of the Geneva-based International Union of Food and Allied Workers' Associations, specifically referred to a dispute within Unilever's South African operations.

The attack, in which Mr. Gallin said the unions should act better in future, was aimed at the General and Municipal Workers' Union, the Transport and General and USDAW, the shopworkers' union.

Mr. Gallin, a fraternal delegate to the General and Municipal's annual conference, delivered the criticism to conference delegates to the embarrassment of the unions' executives and national officers.

Union officials later denied the accusations and the union is to issue a statement on the matter today.

The Sweet Food and Allied Workers' Union, an unregistered union for black South Africans, has been seeking access to workers at two of Unilever's South African plants. Last October the International Union, to which the South African organisation is affiliated, called for a week of solidarity action among related unions.

Mr. Gallin said yesterday that unions in 24 countries had responded positively, with strikes and stoppages carried out in seven countries. The three British unions had met Unilever management in Britain to discuss the position but had been satisfied by a "meaningless" company statement, said Mr. Gallin.

They had subsequently told the International Union that they would not be taking further action.

Mr. Gallin told the conference that he had got "absolutely no support from the British unions concerned, including this union." This had an understatement. This had given great satisfaction to Unilever which had publicised in South Africa the British unions' attitude. "We don't want to find this situation ever again," he said.

He told the union that adopting resolutions on paper supporting black South Africans but failing to support them directly undermined international union solidarity. He praised the General and Municipal for what it had achieved in organising the workforce within the British hotel and catering industry.

TGWU members call for secret strike ballots

BY PAULINE CLARK, LABOUR STAFF

RANK AND FILE demands for secret ballots on industrial action threaten to bring the conduct of the Transport and General Workers Union winter pay disputes under close scrutiny at the union's biennial delegate conference in July.

The agenda of motions for debate at the conference in Scarborough published yesterday also highlights differences of opinion among members on whether picketing rights should be strengthened or modified to control the use of secondary picketing.

Debates on both these issues will produce a members' post mortem on the union's two major strikes of last winter which were the action at Ford's and the lorry drivers' picketing activities during their prolonged pay fight.

Five branches have united in their call for secret ballots if some form before industrial action is decided. The most emotive of these suggests that such ballots "would enable members to vote as their conscience guides them and do away with any misunderstanding and intimidation."

A further motion, however, demands that all major national annual wage agreements be subject to a ballot of the whole membership as represented by various negotiating bodies, before a wage deal is finally accepted or rejected.

Among a series of motions on picketing, one branch opposes any restriction on "the hard-won right to picket," while another wants governments to allow workers the right to picket "wherever it strengthens their claim to do so."

Influence

Three membership branches unit, however, in calling on the union's executive leaders, before any dispute is made official, to issue directives to ensure that no action is taken "which would be prejudicial to other trade group members, including the use of secondary picketing."

Concern is expressed at what they describe as the "apparent inability of the elected leadership of the union to control and influence the actions of some members involved in industrial disputes."

They will be asking for conference support in urging members to give "responsible consideration" to the consequences of their actions on members of other trade groups when embarking on industrial action.

The pay policy debate opens with a general executive council motion describing voluntary collective bargaining as "the fairest and most practical method of determining wages and conditions of employment."

The motion reaffirms the union's resistance to government intervention in public and private sector wage bargaining through sanctions, formal incomes policies and—of topical concern to unions assessing the plans of the Conservative Government—cash limits in the public services.

The council urges development of a comprehensive and permanent system of price and dividend control and gives its support to the cause of wiping out low pay across industry and the public services.

Joseph dashes wool aid hopes

BY MAURICE SAMUELSON

SIR KEITH JOSEPH, Industry Secretary, has dashed wool textile industry hopes that he would take a more sympathetic view over the higher cost of effluent charges which the industry pays compared with its counterparts within the EEC.

Sir Keith in a letter to the National Wool Textile Export Corporation, has upheld Labour's refusal to provide £2m a year of aid to wool scourers—cleaners of raw wool—to keep their costs in line with the average in the EEC.

Move

Mr. Geoffrey Richardson, director, told the corporation's annual meeting that a fairly large Bradford company was considering a move to the coast because of the high cost of effluent charges. UK wool scourers now have to pay 100 per cent of these costs. This is four times as much as in West Germany, 2½ times as much as in France, while the Italians pay nothing.

The Yorkshire industry wants to revert to the 60 to 70 per cent of the charges which it paid two years ago.

Leaders of the industry, however, hoped that the Government would improve the general trading climate and at the same time continue Labour's commitment to a healthy textile and clothing industry in the EEC.

Mr. Victor Blackburn, chairman of the NWTEC, cautiously welcomed the 25 per cent cut in U.S. duties on wool cloth agreed in the recent GATT tariff talks.

This still left a U.S. tariff of more than 30 per cent, compared with 13 per cent in the UK and other EEC countries, and 12 per cent in Japan.

Receptive

The U.S. cut could, however, "at least open the door a little wider each year to the vast American market and gradually create a more receptive attitude among cloth buyers in the U.S.," he said.

Meanwhile, the industry's overall mood remains somewhat gloomy, with production in the first quarter of this year 3 per cent below the same period last year.

The worsted sector is less active than woollens, partly because of the popularity of woollen leisure garments at the expense of worsted suits.

Better out-of-work figures, but spread is still uneven

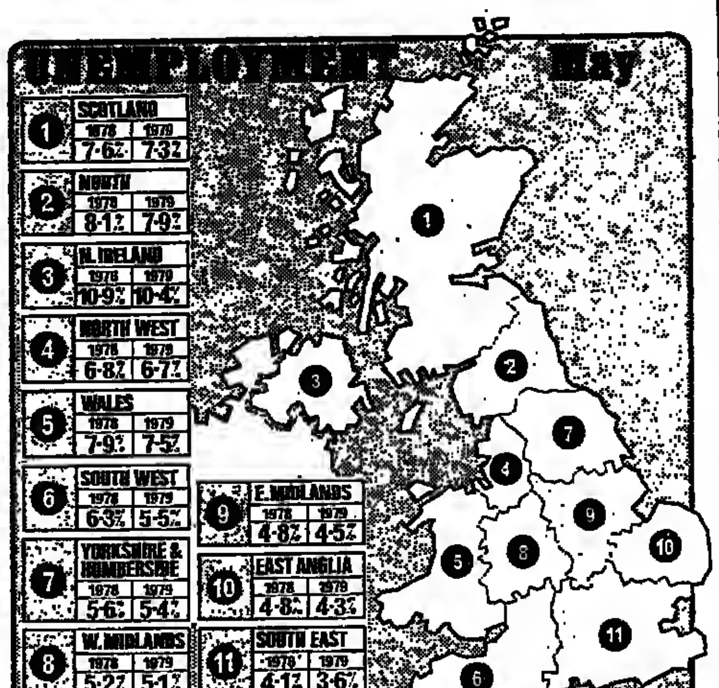
BY DAVID FREUD

THE SLOW improvement in the numbers out-of-work since the end of 1977 continues to be rather unevenly spread throughout the country.

As a general rule the rate of unemployment has been dropping two or three times faster in the South and East Anglia than in other parts of the country, which had higher numbers out of work to start with.

The South East has the least unemployment, with 3.6 per cent of the workforce out of a job in May on a seasonally adjusted basis, compared with an average of 5.4 per cent for the UK as a whole. There are strong signs that London is now close to the "full employment rate of unemployment," a rate which would change little regardless of the pace of economic activity.

The London rate of unemployment is below that of the South East as a whole. In April it was 3.6 per cent compared with 3.7 per cent in the South East, the latest comparison available.



Rising

Vacancies, regarded as a reliable sign of labour market activity, are rising sharply. In April they were 27.3 per cent above the level of a year earlier, at 58,000. This was the highest since the early part of 1974 and compares with an increase of 20.2 per cent for the UK and 23.7 per cent for the South East.

A major part of the growth in vacancies in London has been in general and unskilled jobs, suggesting an across the board increase in demand for labour rather than a shortage of specific skills.

The other growth area over the last 12 month period has been in managerial and white collar vacancies. These were up 20 per cent.

There are still areas of high unemployment in London, principally in the east and near the centre. By contrast, the areas with the biggest labour shortage problems are Wembley, Staines, West Ealing, Tottenham and Hackney districts, Kingston and Croydon.

Over the country as a whole unemployment fell in all areas in the month to early May when seasonal factors are taken into account except in the East Midlands and North West.

Over the last six months unemployment fell most in the South West, where the absolute number out of work declined by 6.4 per cent on a seasonally adjusted basis. There was a 6.1 per cent fall in East Anglia and 5.1 per cent in the South East.

The only area where there was an increase in unemployment since November was in the West Midlands, where the absolute number of jobless rose 0.3 per cent. In Northern Ireland the fall was 3.3 per cent, in the East Midlands 3.0 per cent, Wales 2.6 per cent, Yorkshire and Humberside 1.6 per cent, the North West 1.5 per cent, the North 1 per cent, and Scotland 0.7 per cent.

Tom Jackson faces resignation demand

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. TOM JACKSON, general secretary of the Union of Post Office Workers and chairman of the TUC, will face a demand for his resignation tomorrow in the aftermath to this year's Post Office pay negotiations.

An executive report to the UPW conference at Bournemouth on the state of the negotiations, which have still to be completed, has attracted more than 200 amendments—including five censure motions. One from Stoke-on-Trent declares that the presentation of the 1978 claim was "weak and ineffectual" and calls upon Mr. Jackson to resign.

The main reason for rejection appears to have been overwhelming hostility to an efficiency agreement which would, among other things, have permitted the employment of part-time staff. This agreement has now disappeared, and, although some unpleasant recriminations are expected in tomorrow's debate, union leaders believe pay proposals they are now putting before conference will be accepted.

These provide for a 9 per cent rise, back-dated to January and worth an average of £4.50 a week, consolidation of 7 per cent of supplement worth another £2.80; and a re-opener clause which allows the UPW to resume negotiations when the other Post Office unions have finished bargaining.

ASTMS calls for hours cut

THE WIDESPREAD introduction of micro-chip technology was accepted by a union conference yesterday, but the union in return wants a 30-hour working week and more public spending on leisure activities.

Delegates representing 450,000 members of the Association of Scientific, Technical and Managerial Staff at Blackpool called for sweeping changes in the work patterns of white-collar staff in return for the introduction of new technology.

It is estimated that many thousands of jobs could be lost.

Expenditure

Mr. Clive Jenkins, general secretary, said: "We are dealing with a general application which is as fundamental as the introduction of the wheel, steel, the internal combustion engine and the electric motor."

The union called for a national campaign demanding a phased reduction of the working week to 30 hours, introduction of a minimum five-week holiday, and the lowering of the retirement age for men to 60.

It supported the setting up of a manufacturing base for integrated circuits in Britain and more public spending to give increased creative leisure time and improved educational facilities and social services.

Mr. Jenkins claimed that the new technology sharpened antagonisms in society.

South Wales miners to seek all-out strike

BY ROBIN REEVES, WELSH CORRESPONDENT

SOUTH WALES miners leaders are to press for an all-out strike because the National Coal Board has rejected a plea from the National Union of Mineworkers to keep open on a trial basis the Deep Duffryn colliery, Mountain Ash, South Wales.

A meeting of the South Wales miners' executive yesterday decided to seek permission at the NUM's national executive meeting in London on June 14 for a coalfield ballot on strike action. If successful, it intends to ballot the other coalfields.

The local leadership regards Deep Duffryn as a test case for the future of the South Wales industry. Although the NCB is offering to re-deploy the workforce of 500 in other pits, the union believes the surrender of Deep Duffryn would eventually lead to the closure of up to 10 of South Wales's 37 collieries in a bid t oend losses of £27m last year.

TUC Budget proposals decided today

By Our Labour Editor

A SPECIAL meeting of the TUC economic committee yesterday discussed the final draft of its hudgetary submissions, which will he put to the general council today for apprnval.

The TUC is expected to concentrate its fire on Conservative proposals for switching part of the tax hurden to value added tax, and oo Government plans for the sale of public assets to financa tax reductions.

Today's general council may also hear a report from the employment policy and organisation committee wbose chairman, Mr. Harry Urwin of the Transport Workers, has joined Mr. Len Murray, TUC general secretary, in discussions with Mr. James Prior, Employment Secretary.

BL chairman intervenes in overtime ban

By Arthur Smith, Midlands Correspondent

MR. MICHAEL EDWARDES, the BL chairman, bas intervened personally to help avert potentially damaging action hy 9,000 members of the Association of Scientific Technical and Managerial Staffs (ASTMS).

Some 5,500 foremen bave mounted an overtime ban for more than two weeks in a dispute about overtime payments. After a threat by other ASTMS members to join the action, Mr. Edwardes appealed to Mr. Clive Jenkins, the union secretary, for urgent talks.

Teachers end work-to-rule

By Michael Dixon, Education Correspondent

THE WORK-to-rule by the 112,00-member National Association of Schoolmasters and Union of Women Teachers was suspended yesterday after Monday's agreement by the other unions in the Burnham nagotiating committee to refer schoolteacbers' pay to the Comparabillty Commission.

But the NAS-UWT—which had been working a five-hour day sinca May 8 in an attempt to prevant the commission-reference—threatened to withdraw goodwill from local education authorities which cut the pay of members who took part in the action.

British Airways operates China flights in June

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is laying on special flights to China for businessmen attending the British Energy Exhibition in Peking next month.

Over 300 businessmen, representing the construction, engineering and electronic industries, will leave London on May 29 and 31 on BA scheduled flights to Hong Kong.

They will then transfer to two specially cbartered VC-10 airliners for the last leg of their 7,000-mile flight.

The airline hopes that regularly scheduled flights can operate soon and negotiations between the two countries have been in progress for some time. Regular services to Peking may even start in November.

● British Airways plans to spend £20m to improve its ground bandling at Heathrow, including £5.7m on new vehicles from passenger coaches to towing tugs. The rest of the cash will go on new maintenance facilities, a fuel store and an operations base.

Lifeboat production increases

PRODUCTION of new lifehoats for the Royal National Life-hoat Institution is now back in full swing after a temporary period of cuts caused by increased costs.

Major-General Ralph Farrant, chairman, told the institution's annual meeting in London yesterday that 11 new lifeboats were under construction compared with five at this time last year. He said: "A few years ago we had to introduce wbat we described as a pause in our boat-building programme. We decided to do this because of a very real fear that we might otherwise he overwhelmed by inflation and other factors."

Boat-building expenditure last year went up by 51 per cent whereas its total expenditure increased hy only 16 per cent. Boats are built for the institution at aeveral UK yards.

General Farrant said the credit for saving the RNLI from using its financial reserves was dne to its fund-raisers. The amounts raised sbowed the "respect and affection" felt for the institution by the public. Total income for the institution in 1978 was £8.111,000, and expenditure was £7,894,000.

Traffic control by computer

A £1M computer-controlled traffic system which is expected to cut journey times hy up to 15 per cent, help rnad safety and improve hus services was opened in Leeds yesterday.

The system which is rated the most up-to-date of its kind in tbe country. It will also cover parts of Bradford and is shortly to he extended to Hnddersfield.

Scotland visit by Minister

MR. HAMISH GRAY, Minister of State for Energy, is on a three-day visit to Glasgow and the Shatlands. This will be Mr. Gray's first official visit since his appointment as Ministar.

Mr. Gray will visit the Offshore Snpplies Office in Glasgow today to meet the director-general and other members of the office. Tomorrow be visits the Shetlands as a guest of the British National Oil Corporation. After lunch with the corporation in Lerwick, he will attend a board meeting at County Buildings, and later, a dinner, during which be will meet representatives of the local community. On Friday Mr. Gray will tour the Sullom Voe terminal and construction villages before returning to his home in Inverness.

Unions subject to law—Murray

BY CHRISTIAN TYLER, LABOUR EDITOR

THE IMPRESSION that trade unions are "a no-go area" for the law is entirely false, Mr. Len Murray, TUC general secretary, said yesterday.

Their activities were auhject to the full power of the criminal law and their administration was under legal control. In addition, they were suhject to common law. "Any member can complain to the courts about alleged hreaches of rules or apparent breaches of natural justice."

In a lecture to 600 young policemen at the Metropolitan Police Cadet School in Hendon, London, Mr. Murray rehearsed some of the arguments he and other TUC leaders will be using with the Government as it prepares its legal amendments on the closed sbop and trade union immunities.

He said that judges had always emphasised the rights of individuals. But unions argued that individual rights at work were hest created and sustained by collective action.

The protections given to trade nnions in common law were not privileges, he said. Without them, workers wbo acted in concert would risk heing sued "for just about any action they took."

British unions had a law-abiding tradition. "Our incidents—yes, including Grunwick—pale beside recent incidents ahroad. We are not one of your major prnblems and yon are not one of ours. I want to keep it that way."

Picketing

Mr. Murray, however, admitted that picketing was a prnblem. "By and large, local police and pickets are able to agree mutually satisfactory arrangements within the framework of keeping the peace. And I think this is the hest way to proceed—not by changing the law and giving yon jobs wbich are impracticahle to carry out."

Turning to law and order generally, Mr. Mnrray said relations between the police and ethnic gronps in working class areas were "far from satisfactory." The TUC would back affirmative action to secure more police recruits from those minority groups.

National Front marches, which led some people to see the police as protecting racialists, should be banned by amending the Race Relations Act, 1974.

He said the Police Federation's support for extending police powers of interview and arrest was understandable, hnt not the best way of dealing with the problems. "Increased legal powers could in practice tend to undermine public support for the police."

Mr. Mnrray also criticised the activities of the Special Patrol Group. They were not local policemen sensitive to a local community. "Their methods are giving rise to fears that we are developing, in all but name, a distinctive French-style riot police."

● An ORC survey of 1,000 electors conducted a month before the election, and published yesterday, shows clear support for the Conservatives' proposed reforms on picketing, the closed shop and the pnstal hallot. But 47 per cent said they thought it not very likely that the nnions would co-operate with a Conservative government.

No haggling on reforms, engineers told

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TRADE UNION movement must not negotiate with the Government about implementation of legal restrictions like changes in the closed shop, strike pay and picketing, Mr. Ken Gill, general secretary of TASS, the white-collar section of the Amalgamated Union of Engineering Workers, said yesterday.

"We are not in business to baggle about the weight of the ball and cbain," he told delegates to his union's conference at Bournemouth, "They, the Government, must take absolute and full responsibility for their own actions."

It is apparent from the tone of his remarks that Mr. Gill, one of two Communist members of the TUC General Council, will fight fiercely for a pollcy of non-co-operation with the Government's prnposed industrial relatioos reforms on which Mr. James Prior, the Employment Secretary, bas hegun consultations with both sides of industry.

The AUEW Engineering Section spearheaded opposition to the last Conservative Government's Industrial Relations Act. But Mr. Gill's opinion that there should be no negotiations with the Government is unlikely to he shared by many moderate members of the General Council.

If laws "alien to the interests of the trade union movement" were again introduced, said Mr. Gill, either the mass movement would act as before, and rise up to bring down the Government, or the jails would have more people in them, and a new period of repression would begin.

"That is how serious the present threats of so-called trade union reform are in our time."

He added that last week's decision hy the Court of Appeal that the Advisory Conciliation and Arbitration Service must proceed with a recognition claim hy the Engineers' and Managars' Association at GEC-REL, Leicester, was either "ignorant, or malicious and malignant in the hope that it would undermine trada unionism."

The association is challenging a decision of a TUC disputes committee giving TASS negotiating rights at the factory.

Mr. Anthony Wedgwood Benn, former Energy Secretary, told the conference that Britain was an empire which had now become a colony.

Her new role was as a colony of the IMF for economic policy: the multi-national companies for industrial policy; and the EEC for legislation and tax structure.

B & I opens Irish ferry route

BY ROBIN REEVES, WELSH CORRESPONDENT

A NEW Irish Sea car and freigbt ferry route between Pembroke Dock and Cork was inaugurated yesterday with the commissioning of B & I Line's £6m purpose-built terminal at the port on Milford Haven's south bank.

The seven-acre terminal has been built on the site of tbe former Pembroke naval dockyard. It replaces B & I's Swansea terminal and cuts the Irish Sea crossing from ten to eight hours.

Tbe voyage will take only seven hours from 1980-81, wben a new terminal opens at Ringaskiddy in the Cork lower harbour. The shorter crossing and the fact that Pembroke Dock is only modestly affected by the tides will allow B & 1 to operate more prodnctively, with three turn-rounds in 24 hours. Swansea allows only two.

The service was inauguated yesterday by the company's new £15m car ferry, the 6,800-ton Connacbt, completed last January, which can carry 1,500 passengers and 350 cars or 52 freight trailers. Connacbt is the first of a new generation of car ferries being brought into aervice by the Irish Government-owned company.

The greenligbt for a £20m sister ship was given by the Irish Cabinet last Friday, and the building order is expetced to be placed soon.

The new Pembroke terminal will become one of the busiest areas of B & I's expanding operations. This year, operating a daily service to and from Cork, it expects to deal with more than 200,000 passengers, 50,000 cars and 60,000 freight trailers.

Next year the company will open a twice-daily short sea car ferry route between Rosslare and Pemhroke, and the terminal's business is expected to rise to 400,000 passengers, 90,000 cars and 15,000 freight trailers.

B & I has hought a 10-acre site three miles from the new terminal as a potential freight trailer storage area.

The new terminal is expected to provide a very significant boost to the economy of Pembroke Dock and the surrounding area, which has had above-average unemployment for much of the period since tha naval dockyard closed in the late 1920s.

The development has led British Rail to revamp Pembroke Dock station and timetable, and the Welsh Office has accelerated rnad improvement schemes.

B & I also operates the Liverpool-Dublin car ferry service. Its traffic overall, last year, showed an increase of 20 per cent for the second year in succession.

Next year it intends to introduce a high-speed (three hours) Jetfoil service between Dublin and Liverpool city centres.

Howe spells out long-term plans to cut public spending

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A SUBSTANTIAL start to the Government's proposed cuts in public expenditure will be announced in the Budget on June 12, Sir Geoffrey Howe, Chancellor of the Exchequer, told the Commons last night.

He said that he would be announcing specific reductions in the previous spending plans for this year.

But the Chancellor also warned Tory MPs that the full programme of cuts promised in the election would have to be achieved "progressively over the next few years."

He emphasised that he was outlining a programme, not just for this Parliament, but for the next Parliament as well.

Sir Geoffrey, who was winding up the debate on the Conservative proposals outlined in the Queen's Speech, gave a gloomy assessment of the state of the economy which the Tories had inherited from the Labour Government.

"It is important for the whole House and the country to understand the gravity of our condition," he declared.

"We certainly have not suggested—nor do we suggest anything like it—that an economic miracle is now in prospect.

"We have indeed been left with a dismal inheritance by the last administration," said Sir Geoffrey. "It would be irresponsible of me or anyone else to suggest that our condition can be quickly transformed."

There were protests from the Labour benches as he explained that the Government will employ cash limits "vigorously" as a means of effectively controlling public expenditure.

The Opposition back benchers were particularly angered at indications that the Government will cut back on the rate support grant to local authorities to discourage excessive pay settlements to council workers.

The Chancellor said that no increases would be made in the published cash limits for this year—either for central or local government—to accommodate higher price increases.

The Government would take account of pay settlements when it came to deciding the level of the rate support grant for local authorities.

There would, however, be an exception in the case of the defence cash limit to meet the cost of the armed forces pay award.

The commitments of the previous Government to the health authorities and the universities would also be honoured.

In the civil service, it was intended to make economies in manpower costs this year. This would offset part of the cost of pay awards and would be reflected in the relevant cash limits. More would be said about this in the Budget statement.

A similar firm approach would be taken to local authority expenditure where there was also a need for "substantial economies," Sir Geoffrey continued.

The Government would take account of pay settlements when it came to deciding the level of the rate support grant for local authorities.

There would be a "significant across-the-board reduction" in the grant to offset at least part of such pay awards.

"But as with the civil service, we shall not allow the whole cost of the pay award to be reflected in the cash limits," he added.

Sir Geoffrey brushed aside Labour demands to know whether this would mean an increased burden on the ratepayers. He stressed that it would be for the local authorities themselves to decide where the necessary economies would fall.

It was essential to secure a substantial reduction in the spending plans which the Conservatives had inherited and this was a central element in the Government strategy.

The Labour Government's spending plans were already out of date by the time they were published in January's White Paper, said the Chancellor.

It was amply clear that the prospects for economic growth simply could not sustain increased spending on the scale planned in the White Paper.

The Chancellor repeated the Conservative pledge to make substantial reductions in personal taxation. But there were Labour jeers when he added that this could not be achieved "in one go." Nor could it be done solely by cuts in public expenditure.

It would also have to be achieved by a switch to indirect taxation.

This was the background against which he would frame his budgetary policies in the "immediate weeks, months and years."

This was how the Government intended to "nurse the sick economy" which had been entrusted to its care.

It was important, he said, that the Government's approach should be fully understood by those engaged in pay bargaining.

They should realise that money would not be available to finance "irresponsible increases."

"The overall rate of pay increases this year is as high as last year, 14 per cent and is incompatible with our approach. I must stress that excessive pay increases will lead and can only lead to the loss of jobs."

There had to be a much greater realism and moderation in pay bargaining. It was essential to reconcile the consequences of pay bargaining with the resources available.

Sir Geoffrey emphasised that he would not fall into the previous Government's error of suggesting that there was any easy or automatic relief to be expected from improvements in the world economic climate.

He saw "a sombre prospect" for the world economy as a result of the oil price increases. The prospect facing us was one of low growth in world trade, possibly at the rate of about 5 per cent a year.

"We cannot look for significant help from increased demand," he went on. "The growth in the major industrial countries is likely to be slower this year than last. The problems of inflation remain severe."

That was the reality of the world in which we lived. He would not be suggesting that an improvement in world trade was "going to float us off the rocks."

Throughout his speech, Sir Geoffrey emphasised "the huge magnitude" of the task the Labour Government had left.

Only the advent of North Sea oil had prevented our industrial performance from declining forthwith into sharply falling living standards and a seriously adverse balance of payments.

In April, retail prices were rising at the rates of 10 per cent a year and were still accelerating.

"The problems facing us at home and abroad are serious. I shall be making no rash promises," he said.

The Government would not be allowing short-term considerations to divert it from long-term policies. Its policy would be for this Parliament—and the Parliament after that as well.

It was essential in the first instance to control inflation. There also had to be a firm maintenance of monetary targets and spending and borrowing policies.

"It is essential to sustain these firm policies for several years," he told the House.

Mrs. Margaret Thatcher

Roger Taylor

Healey warns of 'divisive' Tory policies

TORY policies would "divide the nation," former Chancellor Denis Healey told the Commons yesterday.

Amid uproar, he dubbed the Government front bench the "dirty dozen." He accused the Conservatives of making promises they could not keep when he moved an Opposition amendment to the address on the Queen's Speech.

This regretted that the speech committed the Government to "policies that will divide the nation, inflict grave damage on Britain's economic performance, raise prices and increase unemployment."

Loud heckling from backbenchers reached such a pitch that Mr. George Thomas, the Speaker, stopped proceedings momentarily and Mr. Healey found himself pulled into his seat by Mr. Callaghan.

As the atmosphere cooled, Mr. Thomas reminded members that they "must realise that part of being in this place is to listen to things that one does not agree with."

Resuming his attack on Chancellor Sir Geoffrey Howe, Mr. Healey said: "He can't make his sums come out because they never added up in the first place." Tory backbenchers shouted that neither had Mr. Healey's.

"He was astonished at the effect on inflation of the wages free-for-all which he spent the last five years in promoting."

He said that if Sir Geoffrey was astonished at anything it should be the fact that inflation was still "well below 13.3 per cent."

Mr. Healey, referring to the "inheritance" he had left for Sir Geoffrey, said: "He inherited a strong pound. He inherited a surplus on balance of payments. He inherited a level of investment in private manufacturing industry which is growing strongly."

Other "inherited" benefits included a firmly controlled public expenditure programme, a high level of resources, lower interest rates and a "public sector borrowing requirement which is lower than we inherited from the last Conservative Government."

Mr. Healey said he wanted to "concentrate on inflation and jobs and to consider the prospects for both." He added that Sir Geoffrey "saddled himself with a string of election promises which simply do not add up."

He accused Sir Geoffrey of confining himself simply to slashing public expenditure and raising indirect taxes to pay for his election promises.

But there were other ways to get the money which the Chancellor had seemed to ignore. He could—

● increase company taxes;
● defer payments for regional development grants;
● increase taxes on betting, particularly in casinos;
● increase petroleum revenue tax.

"What he has told us is that if he is going to carry out these promises, he has to raise £5bn in all," said Mr. Healey. "But he has confined himself to increasing indirect taxes and cutting public expenditure."

On Sir Geoffrey's election promises, Mr. Healey believed the Chancellor "must already be regretting these self-inflicted wounds."

Sir Geoffrey had a "half-baked dedication to the grosser excesses of monetary theory."

Among benefits Mr. Healey had left the new Government were his decisions on cash limits in the public sector and a contingency reserve of about £600m.

He warned Sir Geoffrey that if he did not make a good start this year, things would get more and more difficult in the future.

Tory plans to slash public spending could throw many people out of work and mean companies having to foot the bill for "heavy" redundancy payments.

"But the cost is gross and immediate human suffering," Mr. Healey said.

On Tory plans to sell council houses, Mr. Healey said it was clear that one of Sir Geoffrey Howe's "secret weapons" was "the sell-out of the century."

But, he warned, "He is not likely to get much money when he is going to the auction desperate for money.

"The fact is that the asset stripping on a mammoth scale to which the present Government appears to have committed itself would be financially unrewarding and economically disastrous."

The only alternative left to the Chancellor to finance cuts in income tax was "a massive attack on the living standards of the British people

He warned: "A week after the Budget, inflation will be running at nearly 15 per cent if he has his way. If he attempts to carry out his policies to satisfy the expectations of those who voted for him, he will have to finance it by means which increase the cost of living by 5 per cent at a stroke."

On pay negotiations, Mr. Healey warned that Employment Secretary James Prior would "not get far with the trade union movement if he treats them as lepers."

He forecast that Conservative policies would lead to an inflation rate of 15 or 16 per cent before the next pay round began. That could lead to a winter of industrial strife that would "dwarf" the three-day week of 1974.

"We're staffing it with everyone threatened by redundancy"

Recruiting ban to last 3 months

THE BAN on recruitment to the Civil Service will last for three months initially, Mr. Paul Channon, Minister of State at the Civil Service Department, said in a Commons written answer last night.

He said that as a first step towards economies in the public sector, the Government had decided to reduce the pay component of the 1979-1980 cash limits by 3 per cent before limits were adjusted to accommodate the non-industrial and subsequently the industrial pay settlement.

"Any exceptions will be strictly limited and subject to offsetting savings being found in other expenditure.

"As a complementary measure, the Government has instituted a ban on recruitment into the Civil Service. It will last for three months in the first instance and will be reviewed against the achievement of the 3 per cent target.

"Exceptions will be strictly limited and made on a case-by-case basis," said Mr. Channon.

THE MAN who ousted Jeremy Thorpe from his North Devon constituency yesterday paid "deep and sincere tribute" to his predecessor. Mr. Tony Speller, who defeated Mr. Thorpe by more than 8,000 votes in the seat he had held for more than 20 years, was making his maiden speech in the Commons.

"As a constituency member he was without equal," Mr. Speller said. "There is no doubt as to the great respect that he was and still is held in the constituency."

THE PRIME MINISTER has called on all Government organisations to carry out a review to try to reduce the number of Quasi-Autonomous Local Government Organisations. This was announced in a written reply to a Commons question from Mr. Jo Grimond (Lib., Orkney and Shetland), asking the Prime Minister to review all quangos, to try to reduce their numbers and expense.

Mrs. Thatcher replied: "I have asked Ministers in charge of Departments to carry out an urgent review to this end."

THE GOVERNMENT is setting up an independent inquiry into heavy lorries and the way they affect the environment, Transport Minister Norman Fowler announced yesterday. In a Commons written reply, he said: "The inquiry must face squarely the issue of whether there should be any change in present weight limits."

UNLESS Tory policy led to increased investment in industry, the legislative programme outlined in the Queen's Speech was "a fraud and deception," Oldham West's Labour MP, Michael Meacher, told the Commons yesterday.

Thatcher rises above her questioners

BY PHILIP RAWSTORNE

MRS. Margaret Thatcher took her first question time in the Commons yesterday as Prime Minister.

Living proof, as an admirer remarked, that the country no longer needed an Equal Opportunities Commission.

"I agree, I didn't need it," Mrs. Thatcher responded modestly before demonstrating that she was more than equal to the Opposition's interrogation.

Labour's questioning, in fact, was so docile that the Prime Minister had to rely on her own MPs to give her a chance to show her determined approach to Government.

Would she make it plain to the TUC that she intended to legislate on the closed shop and secondary pickets?

"I certainly will," she replied. "I am not known for my objectives or performance being unclear."

Did she not find the threats of the health service unions offensive?

"They are not only deeply offensive, they are constitutionally wrong," she declared.

Confrontation? "I am not confronting anyone. I hope they are not confronting me either."

Mrs. Thatcher, in short, was more equal than others—who yesterday included Mr. Denis Healey and Sir Geoffrey Howe, his successor as Chancellor of the Exchequer.

Both failed to rise to the level of the occasion.

Mr. Healey, it must be said, had the more difficult task. He had to show at one and the same time what a rich economic legacy he had bequeathed and how the Government could not afford its promised tax cuts.

He solved the dilemma by accusing the Government of preparing for a public asset stripping of unequalled cynicism—"the sell-out of the century."

The Government's only alternative would be a massive attack on living standards. Increased charges in the public sector would raise the cost of living by 4.5 per cent.

No, Mr. Healey added, quickly getting caught up in an inflationary spiral, it could rise by 5 per cent.

The Government had raised expectations but could meet them only by raising prices.

That was the prospect Mr. Healey predicted — another disaster at a stroke, like that perpetrated by Mr. Edward Heath, "the ex-future Ambassador to the United States."

Whatever would happen to pay demands in those conditions, Mr. Healey demanded.

Sir Geoffrey's answer, in brief, was that in the public service at least cash limits would be used vigorously to restrain them. Demands of 14 per cent were incompatible with the Government's approach, he asserted.

His approach sounded altogether less decisive or vigorous than that of Mrs. Thatcher, who doodled furiously as he pledged: "I shall make no rash promises, nor shall I utter vindictive threats."

Sir Geoffrey, like the Treasury, was burdened with Labour debts and pending price increases in beer, bread and breakfast cereal.

"It would be irresponsible for me to suggest that our situation can be easily transformed," he said. "There is no economic miracle in prospect."

Local funds to pay for education

ANY prospect of Britain's education system being paid for by the national exchequer was ruled out yesterday by Education Secretary Mark Carlisle.

Mr. Dudley Smith (C., Warwick and Leamington) had asked him during education questions to set up a study on the possibility of transferring the cost from the rating system to the national exchequer.

"We have always accepted as a party that education, while a national service, is locally administered," Mr. Carlisle told him.

In any case, local government finance was already supported from central Government funds through the rate support grant, he added.

Mr. Carlisle said later that the Government would consider "on merit" any proposals from local education authorities who wanted to reorganise their schools along comprehensive lines.

Labour MPs had pressed him to declare Government policy where local authorities wished to press ahead with plans to go comprehensive.

Mr. Carlisle said he hoped a Bill, to be introduced later this year, would include provisions for each school to have its own governing body.

He told Berwick-on-Tweed's Liberal MP, Alan Beith, that governing bodies were "an important way of bringing parents and teachers together and of involving parents in the running of the schools attended by their children."

He said "We therefore want to ensure that each school, as a general rule, has its own governing body with elected parents and teachers.

"I hope that a Bill to be introduced later in the session will include provisions on these lines."

● Both Tory and Labour MPs welcomed the teachers' £10-a-week pay deal, during Commons question time yesterday.

But Mr. Carlisle made it quite clear that the Burnham Committee would have the final say on pay comparability.

He said: "The Government, through the Burnham Committee, has referred the matter to the Standing Committee on Pay Comparability for its views. The views of that committee have to be returned to the Burnham Committee."

Later he said: "Children in schools have suffered enough disruption in education. I hope the union's action will cease."

The Minister said details of the settlement were being sent out by the Local Authorities Conditions of Service Advisory Board.

Labour spokesman Gordon Oakes said he, too, welcomed the settlement and hoped that disruption would end.

Emissary to meet African leaders

BY IVOR OWEN

NEW MOVES by Britain to build on the outcome of the recent one-man, one-vote election in Rhodesia, including the despatch of a "high level emissary" to Africa were announced by the Government last night.

Lord Carrington, the Foreign Secretary, told the House of Lords that the emissary would talk to Commonwealth and other African Governments most directly concerned "in the very near future."

But, like the Prime Minister when questioned on the issue by Mr. James Callaghan, the Opposition leader, in the Commons, he did not say whether meetings with leaders of the Patriotic Front would be included in his itinerary.

In welcoming the decision to send an emissary to Africa, Mr. Callaghan described the Patriotic Front as "essential elements" in the peacemaking process.

Mrs. Margaret Thatcher replied: "I have no announcement or statement to make about that particular point."

Replying to Mr. David Steel, the Liberal leader, the Prime Minister emphasised that the Smith regime was made illegal after the Unilateral Declaration of Independence in 1965 on the basis of six principles and six principles only.

"If those principles are no longer relevant, it would be our duty to bring Rhodesia back to legality."

The outstanding issue in relation to the six principles, Mrs. Thatcher maintained, was whether the test of the acceptability of the new constitution to the people of Rhodesia as a whole had been satisfied by the election.

An unusually crowded House of Lords listened to Lord Carrington's first Parliamentary speech as Foreign Secretary.

Spectators cheered his account of the steps taken by the Government during its first 14 days in office to promote a lasting settlement in Rhodesia and to bring an end to the fighting.

In a gesture of goodwill, Lord Paget, the Labour peer who has consistently taken an independent line on Rhodesia, responded to an appeal from the Foreign Secretary, and did not press an amendment to the formal motion welcoming the Queen's Speech which called for the immediate recognition of the Government to be formed by Bishop Abel Muzorewa, and the lifting of sanctions.

Lord Carrington emphasised the influence which the procurement of a satisfactory agreement on the future of Namibia (South West Africa) could have on Rhodesia and the whole of Southern Africa.

He announced that Mr. Richard Luce, Foreign Office Under-Secretary, would be leaving immediately on a visit to Lusaka, Cape Town and Windhoek.

Elaborating on last week's statement that the Government intended to make permanent arrangements for continuing talks with Bishop Muzorewa, he said a senior Foreign Office official would be sent to Salisbury.

He would stay there "as long as is necessary to maintain and develop the closest possible contact with Bishop Muzorewa and his colleagues and to report to me, travel between London and Salisbury as often as the need arises."

He also confirmed that the report by the team of Conservative peers led by Lord Boyd, the former Colonial Secretary who went to Rhodesia to observe the election, was that, with certain reservations, it had been fair.

Lord Carrington stressed that the overriding aim of the initiatives being undertaken by the Government was to secure the fulfilment of the wishes of the people of Rhodesia as a whole.

"It would be morally wrong to brush aside an election in which 64 per cent of the people of Rhodesia cast their vote," he declared amid cheers.

Rhodesia's greatest need, said the Foreign Secretary, was for peace in which to build a more prosperous future for her people of all races.

"Our responsibility is to try to bring Rhodesia to legal independence in conditions which will afford that country the prospect of a more peaceful future.

"To that end, it will be our objective to achieve a return to legality, in conditions of the widest possible international recognition."

Appealing to peers not to force an immediate vote on the recognition of a Government headed by Bishop Muzorewa and the lifting of sanctions, Lord Carrington underlined the Government's determination to discharge the commitment made in the Conservative election manifesto.

Lord Goronwy-Roberts, former Foreign Office Minister of State, speaking from the Opposition front bench warned the Government not to accord recognition to a Government led by Bishop Muzorewa without making absolutely sure "that you are not only carrying the peoples of Rhodesia with you but black Africa as well."

He urged the Government to pay particular attention to the views of the Commonwealth. If the Government were to recognise the new Rhodesian Government, Ministers would have to have their answers ready at the meeting of Commonwealth Prime Ministers in Lusaka in August.

Lord Goronwy-Roberts said the Rhodesian issue was one of concern not just to the black Commonwealth, but to Australia and Canada who had very strong views on the issues involved.

"Caution and consultation must be the key to a durable solution to this long standing problem," he insisted.

Lord Paget, who was also in Rhodesia to observe the election, praised the way in which the security forces had made it possible for so many people to vote at the 700 polling stations.

He believed that the election had been open fair and honest. Lord Paget maintained that the election had shown that there was an effective Government in Rhodesia.

"That is the only question which under international law should concern us when we come to decide whether we recognise it as the Government of Rhodesia."

He believed that the Patriotic Front had suffered an enormous defeat and in the course of the election, some of its supporters had changed sides and participated in the voting.

"Mr. Mugabe and Mr. Nkomo are not coming back. They are not acceptable to the people of Rhodesia—that they have made clear."

Lord Paget indicated that he believed the Government would agree to recognise the Government of Bishop Muzorewa. "I feel I am pushing at an open door," he said.

Fears for democracy

TRADES unions were firmly told by Mrs. Margaret Thatcher yesterday not to stop the Government implementing its policies—"otherwise it is the end of democracy."

Facing MPs in the Commons for her first round of questions as Prime Minister, Mrs. Thatcher was pressed by a Labour backbencher to say what her Government would do if there was confrontation.

She replied: "I am not confronting anyone. I hope they are not confronting me either."

Mr. Robert McCrindle (C, Brentwood and Ongar) urged Mrs. Thatcher to prepare a list of trade union leaders who had "uttered dire threats" about the consequences of Tory policies.

Mrs. Thatcher replied that the vast majority of trade unionists believed in democracy and in Government policy being implemented by the House.

She warned that if that process could not go ahead, it would be "the end of democracy."

Pressed to remedy the law on the closed shop, secondary picketing, and secret ballots by Mr. Hal Miller (C, Bromsgrove and Redditch), Mrs. Thatcher said her policies were known.

Amid Labour jeers she said she believed her policies were supported by the vast majority of people in this country.

Mrs. Thatcher said no union leader had an industrial veto on Government policy.

Roger Taylor

Labour delegates to the European Parliament at a London Press conference yesterday: Lord Bruce of Donington (left), Lord Murray of Gravesend, Bob Murray, deputy leader of the delegation, John Prescott, delegation leader, Fred Willey, chairman of the Parliamentary Labour Party, and Mark Hughes.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY AND SECURITY

Stifles fires in fuel tanks

THOUGH the "Cobra" fire-prevention equipment was developed primarily to suppress fuel fires in compartments near damaged fuel cells on military aircraft, it could have applications in civil aviation.

When a projectile hits and punctures an aircraft tank, escaping fuel is ignited by incandescent particles left behind by its passage, ignition taking place in a few milliseconds.

Cobra consists of a pressure-sensitive piezo-electric unit immersed in the tank. Pressure pulses set up by the projectile strike are sensed by the unit which sends out a signal to one or more Freon 1301-filled extinguishers.

Activation takes place between 1½ and 2 milliseconds after impact and flow rates of the inerting fluid are so high that in about 8 milliseconds, 90 per cent of the contents would be delivered.

Fire suppression, depending on the shape of the bay, takes place within 10 to 15 milliseconds.

Since the sensor generates its own electrical pulse, no external power source is needed to trigger the extinguisher(s). Overall weight is between 2.37 and 3.47 lb, depending on type.

Thermal Control Company, 136 Old Shoreham Road, Hove, Sussex BN3 7BW.

Access by 'card' only

STRUCTURE of a premises/room-access card made by Corkey System of America consists of a thin iron centre member and stainless steel cladding.

Result is a "card" which not only can stand wear and tear well beyond that of a plastics card, but also is re-useable and can be recoded many times, never needing to be thrown away. Many spare card codes can be available so that the user will seldom have to re-key the system.

Codes can be modified at any time to grant or restrict access and can also be updated periodically if used as a club or parking place entry token.

The cards are available from Baron Security Group, 34, Dean Street, London W1V 5AP (01-439 4536) with the appropriate reader units and if required the system can be augmented with a digital push-button access pad. An acceptable card and keyed number then works the electric lock.

Baron will supply complete Corkey kits to enable hoteliers to make master code plans and have complete control of all locks and keys, which can be code changed as required.

Checks on vapour dose

A PERSONAL dose meter for the use of those exposed to hazardous organic vapours has been put on the market by 3M, P.O. Box 1, Bracknell, Berks RG12 1JU (0344 58297).

Taking the form of a lapel badge about the size of a wrist watch, the device absorbs vapours which are later measured by 3M. Start and end times are recorded on the back of the monitor which is placed in a foil line pack after use and sent for analysis, effected by conventional gas chromatography. Using additional data supplied by 3M, the weight of the compound can be simply converted to parts per million.

Complete qualification and calculation data can be provided for a variety of compounds ranging from acetone to xylene.

● INSTRUMENTS

Remembers the weight

LATEST electronic balance from Oertling has two ranges and the ability to remember up to eight readings.

Known as the Alpha 22, the balance can read up to 2,000 grams with a readability of 0.1 gram, or up to 200 grams with a readability of 0.01 gram. Readings appear within a couple of seconds on a red LED dot matrix display with characters 5mm high. Range change is by push button, although a socket is provided for an external switch.

A useful facility is a form of digital filtering which allows averaging of a number of readings that might be produced when weighing, for example, a nervous animal. It also allows the balance to be used in conditions of vibration and in air draughts—for example in fume cupboards or air conditioned spaces.

The balance is controlled by a microprocessor whose memory allows eight accumulated readings to be stored and recalled by button depression. The readings are alphabetically coded and the code displayed for easy identification, together with a presentation of total weight and the remaining capacity available.

The unit is housed in a rugged cast chassis and weighs 12.7 kg.

More from the company at Orpington, Kent BR5 2HA (0689 25771).

● AUTOMATION

Robot speeds the heavy welding work

ARC-WELDING by industrial robot is still in its infancy, compared to robot spot-welding, but one application in a Californian factory has proved so successful that the company — AiResearch, a division of the Garrett Corporation — is considering putting to work a second continuous path welding robot.

In the plant, at Torrance, California, structural gas metal arc welding (GMAW) on traction-motor housings for self-propelled rail vehicles has been considerably speeded with a Series 2000 Unimate industrial robot. The Unimate welds ½ inch mild-steel plates that hold motor-starter laminations in place. Approximately half the fillet welds are multi-pass, with the Unimate alternating between two different kinds of traction motors, each mounted on a positioner.

For one traction-motor housing the robot welds in under two hours what took up to six hours welded manually. Welding time for another housing has been cut from about 2½ hours down to 55 minutes.

But labour, not time, was the chief consideration for introducing automatic welding. It was difficult to hire workers willing to do bot, repetitious welding assignments, according to senior staff at the plant.

AiResearch, with some 35 years' experience in welding of various kinds, performs a variety of fabricating operations on systems and sub-systems for aerospace. These include environmental control systems, regenerators for the energy industry, aircraft engines, electro-turbine units for field installation, and drives for modern rail-transportation vehicles.

Thickness of materials welded at AiResearch by the robot range up to one inch. Weld lengths range from as short as five inches to nearly 18 inches.

Not all welds are straight-line. Half-circle cut-outs are also tackled, a job which many welding operators find it hard to handle—the attitude of the torch must change constantly as the weld is made along the semi-circular path. The robot does it correctly every time.

Tip velocity for the welding torch ranges from 10 to 20 inches per minute for the housings, depending upon how much of a weld-metal build-up is wanted.

Arc-welding is not the only job done by the robot. Periodically, the welding torch is exchanged for an air-powered routing tool and the robot is put to work generating a circular cut-out in an aluminium plenum chamber for the C-130 aircraft. The changeover from welding to routing takes from 25 to 40 minutes. Tooling on the robot's wrist is changed and a previously taught programme is part of the changeover; approximately three minutes.

Another continuous-path robot for spray-deposition of an alloy on large regenerators is being considered by AiResearch. Also under consideration is putting a Unimate to work as an aid in stacking cores for heat exchangers.

Unimation is at Units A3/A4, Stafford Park 4, Telford, Salop. Telford (0952) 618931.

● DATA PROCESSING

Keeps the books up to date

ON-LINE ledger-keeper system for ICL 2903 and 2904 users has been developed by Systemsolve (Computer Services).

Ledgersolve meets the need for a ledger system providing interactive and real time facilities and incorporating an integrated nominal ledger.

Available complete or in segments, the package offers advantages over alternative products.

Main characteristics are ease of input, up-to-date information and easy reconciliation. Ledgersolve is highly flexible—each of the on-line functions allows multi VDU input so that peak periods can be bandled comfortably, and VDU operators can use different facilities simultaneously. For example, one may be entering supplier invoices while another is allocating cash to customer accounts.

All input to the system is entered via VDUs and can therefore be entered from source documents by the user department. Because the system is interactive, errors can be detected and corrected on the spot.

Input is checked against control totals entered by the user and only when these have been confirmed are the ledgers updated. If any check is unsuccessful, then the user is able to correct previously entered information. Since nominal ledger is an integral part of the system, all control entries from sales and purchase ledgers take place automatically.

Because files are updated immediately the input has been reconciled, they will always reflect the actual state of an account. The display will show the latest position for each account for entry purposes, and the same input data cannot be entered twice by mistake.

As a complete system, the package costs £10,000. Sales and nominal ledger alone costs £3,500, while the purchase ledger is priced at £6,500. Lease or rental terms are also offered.

Systemsolve, Pyrene House, Sunbury-on-Thames, Middlesex. Sunbury-on-Thames 80333.

Use of resources and supplies

LOGISTICS systems in the British Army are to be studied by EASAMS, a member of the GEC-Marconi Electronics group of companies specialising in the organisation of large projects.

Under the terms of a contract received from the Ministry of Defence, EASAMS is to develop computer models of the functions of the Royal Corps of Transport (RCT), the Royal Army Ordnance Corps (RAOC) and the Royal Electrical and Mechanical Engineers (REME).

It will also develop a "stylised war model" as a means of providing input to the logistics models so that military officers can develop and test logistics plans for war and the transition phase between peace and war. This work follows on from a pilot study for REME concerned with their potential capability for repair of armoured equipment within the division in wartime.

EASAMS, working in liaison with the Scientific Advisory Group (Army) will begin the first year of a four-year project by gathering data on the logistics organisations. The second phase will be the development of the computer programs for the logistics models which will simulate the functions of the RCT and RAOC in response to demands imposed by the war model.

The war model is envisaged as a program capable of describing the usage of resources and supplies as a function of battle activity. Relationships between rates of loss of equipment, numbers of fighting vehicles, movement distances, battle intensity and demand for materials will be established in the war model so that the output is in a form representative of the demand to be met by the logistics organisations.

EASAMS is known worldwide for its work on country-scale operations, including such tasks as advising the Algerian Government on the organisation of its transport system on modern lines.

Information from Marconi House, Chelmsford, CM1 1PL. Chelmsford 0245 353221.

● PROCESSES

Specimens kept cool

HEAT-SENSITIVE specimens for electron microscopy can be coated safely with the Edwards S150A, a new bench-top sputter coater.

Its deposition system of a new design maintains very low specimen temperature. It incorporates a patented electrode to suppress high energy electrons which would otherwise lead to specimen heating.

A two-magnet electron deflection system reduces secondary electron bombardment of the specimen and a large water-cooled specimen table absorbs beat and reduces plasma density.

Completely self-contained and inexpensive, it requires only connecting to electricity, water and process gas to make it operational. A carbon evaporation accessory can easily be fitted for depositing films on to specimens for x-ray microanalysis.

Edwards High Vacuum, Manor Royal, Crawley, West Sussex RH10 2LW. Crawley 28844.

● HANDLING

Lifts loads on road vehicles

REDESIGNED LIFTS are held securely in their stowed positions by automatic slam locks (so there is no weight hanging on the cables when travelling) and are the subject of new full-scale production of a range of 1 and 1½ ton units by Ratcliff Tail Lifts, Bessemer Road, Welwyn Garden City, Herts.

Slam locks on each side of the platform are released by a single handle recessed beneath it and can be reached by a person standing on the ground.

Concealed torsion bars counterbalance the platform to make it light to handle and not liable suddenly to swing down. In the event of someone within the van thinking he is helping by flipping down the lift platform—but perhaps as the person on the outside released the tail lift—the safety stop limits the initial opening angle.

Pressing a small trip-lever at the hinge releases the safety stop, then the platform can be pulled down fully.

Alternatively, the slam locks can be opened, the tail lift lowered, and then the platform let down on the ground.

● COMPONENTS

Pipe will carry hot chemicals

PIPING manufactured from glass-reinforced Araldite thermosetting epoxy resin can withstand water, brine and many normally aggressive chemicals at moderate pressures and temperatures above the boiling point of water.

Dualoy 4000 is manufactured by Ciba-Geigy by a filament-winding process which has been developed to give particularly good hoop strength, and therefore the ability to take high pressures for comparatively modest wall thickness.

The pipe comes in 2in, 3in, 4in and 6in diameters and the nominal pressure ratings vary between 400 psi (for the 2in pipe) and 175 psi (for the 6in pipe). The maximum temperature which the pipe can withstand is 107 degrees C (225 degree F), and at this temperature the pipe can carry steam, brine, crude oil, natural gas and a number of different chemicals including some acids, glycols and salts.

Ciba-Geigy Plastics, Duxford, Cambridge CB2 4QA. 0223 832121.

● HAND TOOLS

Inspector's marking device

THE TIME honoured inspector's stamp which is frequently hammered into the metal surface of a finished engineering product is clearly not acceptable in the case of light and fragile components, particularly with aerospace components where stress points may be raised.

Specifically for inspectors, Letrotech (Great Britain) of Hampton Road West, Hanworth, Feltham, Middx. (01-898 4884) has introduced an electrochemical marker with a 12 mm square head and a plastic coated rod extension 125 mm long. A renewable stencil can is placed over the square end bearing the inspector's identity. The marker is connected to an electrochemical power unit and, after damping the cap with electrolyte the part can be marked.

● ELECTRONICS

Tests TV circuits

TERADYNE has introduced a VHF synthesizer as a new option to its J273B linear test system.

The M554-09 synthesizer is available in Britain and has been designed to mount in the J273B mainframe, enhancing the frequency generation and measurement capability from 10MHz to 312MHz.

Thus it can be used to test TV video detectors, video amplifiers, AFC circuits, surface wave filters, TV tuning circuits or for those tests requiring a fully programmable radio-frequency source which can be AM, FM or video-modulated.

Frequency stability is two parts per million per year.

Teradyne, Clive House, Queens Road, Weybridge, Surrey. Weybridge 51431.

● LEATHERWORK

Trimmed by water jet

BERTIN AND CIE has developed an original technique for high pressure water jet cutting. Based on this technique, an industrial unit has just been supplied for trimming hides in a tannery.

Hides present defects which must be eliminated before they are used by the leather industry and this operation is traditionally done by hand with shears. Such a manual task is not only tedious, but the monotony and the resulting fatigue lead to a low productivity and losses of material.

The new water jet trimming machine designed by Bertin to improve work conditions leads to an increase of productivity through halving the effective trimming time.

Bertin and Cie, POB 3, 78370 Plaisir, France.

● RETAILING

Holds the money safely

MADE BY Japanese Cash Machines and available in the UK from Norfrond, Mildmay Road, Bootle, Merseyside L20 5EN (051 922 8171) is the Gold 810 cash register, designed to work in the tough and frequently messy environment of butcher's shops, bars and grocery counters.

Costing between £550 and £750, depending on the number of totals and facilities required, the till bas a purpose-designed printer giving 12-digit lines at 120 lines/min. The keyboard is a sealed plastic pack which prevents the ingress of dust and fluids.

One of the security safeguards is to make the machine lock out at the very high total of £100,000, deterring illegal "motoring" of the till beyond zero and re-setting to a lower figure, the dishonest employee pocketing the difference.

If the machine is deliberately zeroed with dishonest intent, the fact is registered on the print-out by single increment in the zeroing counter.

Of particular interest to bar managers is the ability of the machine to act as a simple single entry till or as a totalising device which adds the items entered and prints them with a total. Thus, a barman can mentally add a number of drink items on an order and press the buttons only once, freeing the register for others. But for bar food the adding mode could be used.

To save time and avoid confusion in subsequent computer keying, the machine is also programmed not to print department totals of zero (i.e. no business done that day for a particular product), thus shortening audit report lengths.

● IN THE OFFICE

Copiers from Germany

FIRST MODELS from one of the latest European manufacturers to enter the office copier market, Geha-Werke GmbH of Hanover, are to be sold in the UK by Thames Photocopier Co of Ashford, Middx (Ashford 43994).

The desk-top machines, the first two known respectively as the 1830 and the 1830S, have been designed to produce 2,000 to 4,000 copies per month. The machines have a single control consisting of a central button which switches the machine on and starts the copying run. Rotation of an outer dial presets the number of copies. When the run is completed the copy counter automatically returns to "1" and the machine switches itself off.

Both models operate at a speed of 10 copies per minute and paper feed is from a 150 metres roll—enough, it is stated, for 500 A4 copies.

NOTICE OF REDEMPTION

To the Holders of

Continental Oil International Finance Corporation

(now Continental Oil Company)

9½% Guaranteed Debentures Due 1985

Issued under Indenture dated as of July 1, 1970, as supplemented

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, $1,534,000 principal amount of the above described Debentures have been selected for redemption on July 1, 1979, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, each in the denomination of $1,000 bearing serial numbers with the prefix letter "M" as follows:

Outstanding Debentures bearing serial numbers ending in any of the following two digits:

00 03 04 09 12 15 25 31 35 36 43 45 60 65 71 74 75 94

Also Debentures bearing the following serial numbers:

3	173	2573	4373	5673	7173	8073	10073	12273	13073	14373	15973	17973	20473	24773
73	573	3373	4473	6473	7573	9373	12173	12373	13973	15873	16573	18673	23373	

On July 1, 1979, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, New York 10015, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris or Zurich, or Banca Vonwiller & C. S.p.A. in Milan or in Rome, or Bank Mees & Hope NV in Amsterdam or Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due July 1, 1979 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by a transfer to a dollar account maintained by the payee, with a New York City bank.

On and after July 1, 1979, interest shall cease to accrue on the Debentures herein designated for redemption.

Dated: May 23, 1979

CONTINENTAL OIL COMPANY

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M 5	430	2210	3405	4431	6020	8141	12922	13333	15783	18062	20308	21352	21465	22171	23368	23473
7	676	2235	3407	4446	6025	9619	12944	13382	16266	18420	20525	21388	21469	22478	23327	24488
11	875	2241	3414	4468	6045	9620	12964	13383	16272	18421	20598	21394	21475	23010	23388	24594
17	1045	2354	3421	4479	6252	10356	12969	13419	17798	18424	30684	21398	21482	23221	23414	24628
27	1085	2482	3424	4483	6421	12109	12971	14357	17799	18937	20686	21399	21488	23223	23416	
32	1107	2550	3815	4720	6425	12114	13039	14358	17801	18942	20692	21403	21490	23225	23418	
33	1132	2937	4218	5642	6730	12118	13100	14359	17805	18944	21196	21411	21493	23226	23432	
51	1135	2976	4225	5704	7093	12220	13138	14360	17807	18946	21197	31435	21496	23242	23433	
53	1266	2977	4422	6016	7328	12795	13139	14458	17809	20197	21224	31443	21497	23323	23463	
55	2165	3028	4429	6017	7780	12814	13141	15658	17810	20302	21340	21451	21498	23328	23459	

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Christopher Lorenz on Fisons' new stockholder opinion survey

New light on how the big investor judges industry in Britain

LIKE ALL his top management colleagues at Fisons, Dr. Heinz Redwood is a great champion of the small shareholder — which is more than can be said for many of Britain's industrial companies, however much they may complain in public about the demise of the private investor in industry over the last decade.

At yesterday's annual general meeting of the company, Dr. Redwood, whose function is the pivotal one of General Manager, Corporate Planning, lent force to his chairman's call for a removal of the many disincentives to private shareholders. Otherwise, warned Dr. Redwood, the proportion of Fisons' shares in private hands could fall from the current third to only a tenth over the next eight years. A decade ago individuals held almost 55 per cent.

But Dr. Redwood and his Fisons colleagues are not flat-earthers intent on just trying to turn the clock back. If the general level of private holdings falls to 10 per cent, he said, quoted companies and their large institutional shareholders "will become vulnerable political targets, and the stock market itself will have ceased to function effectively."

Realism

Other countries are succeeding in reviving direct personal investment in company shares, Dr. Redwood pointed out yesterday, citing Belgium, France, Germany and Italy, all of which have recently introduced incentives.

Of more immediate testimony to Fisons' realism is the extraordinary attention it is paying to researching the attitudes of its new owners—those controversial "institutions" to which the Wilson Committee and the left wing of the Labour Party have paid so much attention in the last couple of years.

The results of Fisons' latest survey of its stockholders' opinions were presented at yesterday's AGM. They make fascinating reading, not only because they show how equity power passed so rapidly into institutional hands in the case of one leading company, but also for the concrete evidence they present of how the attitudes of institutions differ from those of private shareholders—and also from those of stockbrokers and financial journalists.

Dr. Redwood's survey would be of considerable value, both to City financiers and industrial managements, even if this were not the fourth time it had been carried out. The comparative data provided by the surveys (every three years since 1969) offers a picture in miniature of the changing fortunes of the stock exchange, the different types of investor, and the object of their attention: the company.

Among the highlights of the survey are: the dramatic reversals of City sentiment for or against certain industrial sectors (illustrated in the graph); the way stockbrokers' analysts and financial journalists seem more interested than their main "customers," the institutions, in how profits growth is achieved, and particularly in the company's policy towards new products (this theme is illustrated in the table); and the extent to which institutions depend far more on brokers and journalists for information on the company than on the company itself.

One of the key questions everyone will ask is whether the results of the latest survey (and indeed of the previous three) can safely be seen as "typical" of British shareholders' attitudes towards industrial companies in *general*.

Unfortunately, no other company appears to conduct a similar survey. Dr. Redwood admits that many of them report on the identity of their shareholders, but says that four successive attitude surveys based on personal interviews are "as far as we know, unique to Fisons."

On the other hand, the extent and pace of the shift from small to institutional holdings is roughly in line with the experience of all quoted companies. And, while Fisons' shares may have underperformed the market substantially since 1975—partly because of the City's revised view of its pharmaceutical business (see graph)—it offers a reasonably representative mix of traditional and growth businesses, and of internal growth and acquisition.

The survey was carried out last November and December, covering 69 of the company's 2,800 institutional shareholders; 40 analysts and financial journalists; and 19 non-holders among the institutions (this was not enough for their responses to be statistically valid, however).

The absence of private shareholders from the sample, for the first time, was not because of any tendency for Fisons to start ignoring them, Dr. Redwood insists, but largely because the three previous surveys had showed that their attitudes change only insignificantly.

All the same, there will undoubtedly be some Cumberland widows aged between 65 and 85 (Fisons' "typical" small shareholder in 1969) who will feel that their omission, and the unprecedented concentration on institutions, is yet another sign of the uncomfortable times.

For a company which over the years has received such fluctuating reviews from the City, it is not surprising that Fisons pays particular attention to the attitude of institutions to its fields of business. The 1978 survey only served to underline how often the institutions have changed their minds about the medium-term (two to three-year) prospects of the industries in which Fisons is active.

This is exemplified, for the company's three largest sectors, in the graph. It is important to note that the questions referred to the industries as such, and not to Fisons' performance within them; that was dealt with elsewhere in the survey.

As Dr. Redwood stressed yesterday, the actual outlook for the industries in which Fisons operates certainly changes, "but not perhaps as suddenly or as much as the extreme see-saw of opinion shown here might suggest" (for example, the view of agrochemicals in successive surveys swung through positive, negative, glamour and "normal-positive").

At several points in the survey there is a marked discrepancy between the attitudes of institutions on the one hand and brokers' analysts and financial journalists on the other. This is most marked in the order of priority attached to certain criteria for judging Fisons' future performance.

As the table shows, the "Top Four" criteria in the minds of the institutions are largely financial, with "increase in earnings per share" coming an expected first, cited by 72 per cent of respondents. Then followed return on capital and increasing dividends, followed by "management capability."

Human affairs

When the same order was selected in 1975 by the institutions, they apparently read "management capability" as synonymous with "financial results," whereas private stockholders took it to mean human affairs management, such as industrial relations.

Whereas brokers and journalists also picked the main financial criteria as three of their top four, they significantly included "New Products" in the number three position. As Dr. Redwood says, this is obviously seen "as an operational means to a financial end."

Taken together with the analysts/journalists' higher rating of pharmaceuticals growth, widening international interests, and further diversification, there seems to be a clear tendency for these two groups to be more concerned than the institutions with the means of achieving financial results, rather than just in the results themselves.

This may seem surprising, after all the publicity over institutional resistance to decisions taken by the managements of Lonrho, Allied Breweries, S. Pearson, and others, but such events are the exception rather than the rule. The results of Fisons' survey can only strengthen the hand of those who argue that the institutions should learn more about the workings of industry, and pay more attention to the policy-making of the companies in which they invest.

Equally, however, the Fisons data will be used by some people to underline their argument that the institutions are not—at present—behaving as shadowy, irresponsible string-pullers behind the scenes of industry.

Perhaps more conclusive is the evidence about the sources from which institutions, analysts and journalists all get their information about Fisons.

All three interest groups were asked to indicate the sources of information that are of most value to them. The clearest result was that institutions rely far more on brokers' analysts than on the company itself, with journalists in a very close third and the institutions' own analysts a very low fourth. (This leaves aside other sources, such as government and industry.)

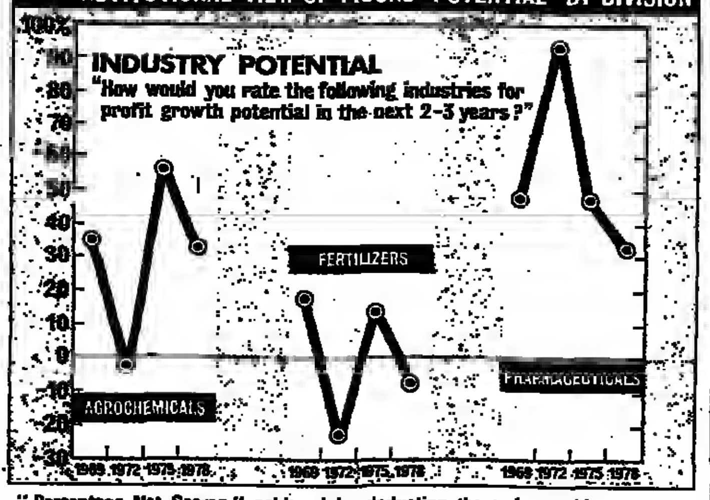
This form of questioning may encourage people to gloss over uncomfortable facts, but it is worthy of note that stockbrokers were far readier to admit to relying on the Press than vice-versa, though in each case the information gleaned from the company itself was rated as much the most important.

All of which leaves one with the question of why Fisons bothers to conduct these regular surveys, if no other company thinks such an exercise worth its own while. Is it just a public relations exercise, or something more significant?

Dr. Redwood is highly persuasive in favour of the latter. He sees the procedure as a very valuable part of the company's research into what in planning jargon are called "external factors." Citing a long list of reasons of why shareholders' opinions matter to a company, he pinpoints in particular the occasional cases of resistance to a takeover bid (as in Volvo's abortive Norwegian deal), and of institutional downgrading of a company after it made a controversial investment.

In Fisons' own case, Dr. Redwood says the earlier surveys showed the company that it would have to "educate" its shareholders about the significance of its substantial foray into scientific instruments, and particularly about the reasons for its acquisition of Gallenkamp in 1977. There could hardly be a clearer argument for the surveys than that.

THE INSTITUTIONAL VIEW OF FISONS' POTENTIAL—BY DIVISION



"Percentage Net Scores," achieved by deducting the unfavourable responses ("poor" and "very poor") from the favourable ones ("good" and "outstanding"), omitting the neutral answers and the "Don't knows."

CRITERIA FOR JUDGING THE COMPANY'S FUTURE PERFORMANCE

	% RESPONSE*		
	Institutions 1978	Analysts and journalists 1978	Private stockholders 1975
Increased earnings per share	72	60	36
Return on capital employed	64	65	30
Increasing dividends	59	45	46
Management capability	54	40	61
Share price	49	30	32
New products	23	58	15
Industrial and labour relations	13	8	46
Increased investment	13	13	2
Widening international interests	10	13	47
Growth in pharmaceuticals	9	30	27
Environmental concern	3	5	15
Further diversification	1	10	10

*Respondents were asked to name the top four criteria which they thought most important.

Source: Fisons 1978 Stockholder Survey

A Dutch lesson in public accountability on standards

BY MICHAEL LAFFERTY

THE PRESENT UK controversy about the Stock Exchange's failure to enforce accounting standards on listed companies is leading some accountants to suggest other possible methods of policing company accounts. One that might bear particular consideration is a new development in the Netherlands—the idea of an Accounting Court. The Dutch have a long tradition in accounting innovation, and, as the recent Financial Times survey of European company accounts found, Dutch company accounts are among the most useful in Europe.

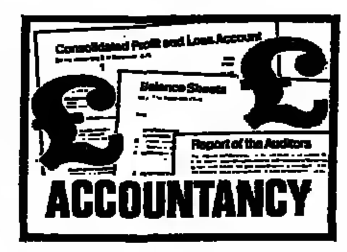
In the U.S. enforcement is dealt with by the Government agency, the Securities and Exchange Commission, which simply refuses to accept financial statements for registration if an audit qualification indicates that a company has failed to observe accounting standards.

This is backed up, in turn, by a legal system which allows for class actions—the procedure whereby a lawyer can act on behalf of a group of otherwise unrelated shareholders—and for contingent fees. Under the latter, lawyers are permitted to undertake cases whereby they are paid solely on the results achieved. Altogether, it amounts to a comprehensive enforcement environment.

At present in the UK there is no practical method by which a shareholder, or any other interested party, can obtain rectification where, for some reason or other, a company's accounts are unsatisfactory. The last line of defence is the auditor, and it is only too obvious in many cases that he sees his role in a very limited way.

For instance, it is not unusual to find an auditor saying one particular accounting treatment gives a true and fair view for a company, while another company employing an entirely different treatment for the same item also gets a clean opinion—and from the same accounting firm.

This is partly the consequence of history and poor research and communication within the accounting profession. Yet it is obviously unsatisfactory from the point of view of the user of the financial statements.



The question is how can the user influence both the companies and the auditors so as to improve his lot? As a shareholder he could, of course, take a private action in the civil courts. But this is not a real possibility because of the costs of legal action, and the unsuitability of the jury system for matters of such a technical and complex nature. In practice it is virtually unheard of for such a thing to happen.

But supposing it was in some way possible for shareholders, and other people with a genuine interest in a company, to complain about unsatisfactory accounts to a competent court, without undue cost. What would happen then?

The prospect of such a system is enough to get some auditors and finance directors into a state of frenzy, predicting chaos, and an end to a system which they allege works perfectly satisfactorily at the present time. Yet it is only necessary to look over to Holland to find out what really happens when the State decides to have an Accounting Court.

Thanks to legislation introduced in 1970 Holland has something called an Enterprises Chamber in its Court of Justice. The Chamber may be used by anyone with an interest in a company to complain about its financial statements. So far complaints have been investigated from shareholders, shareholders' action groups, a competitor and trade unions.

The procedure, which has only begun to be exploited in the past few years, has already had a major impact on the conduct of companies and auditors. The sanction the Enterprises Chamber has is that of requiring a company to re-prepare its accounts.

One of the more important decisions of the 10 or so cases heard up to now concerns companies which change their accounting policies from one year to the next. The court held that adequate reasons for making the change must be given, and quantified. Another decision concerned the obligation companies have to provide in full for pension liabilities.

The Enterprises Chamber is composed of professional judges, but they have two counsellors who are generally professors in accounting or economics.

The idea seems to have much to commend it. It provides the third and final link in the chain of public accountability. The UK at the present time has only two of those links. It has a procedure for setting accounting standards and a procedure for preparing and giving credibility to financial statements. But there the matter rests. There is no enforcement mechanism. However, one leading UK auditor who is more aware than most of the shortcomings of the present set-up does not see the Dutch system working here. "We've got far too many companies," he said—without realising the implications.

LOMBARD

New sound from the telephone

BY DAVID FISHLOCK

DEVELOPMENTS on the industrial scene which deserve to be watched closely by other technologically advanced industries—nuclear reactors, turbo-generators, medical scanners, etc—have been set in motion by the British telecommunications industry and its dominant customer, the Post Office. A partnership which can justifiably be called unique has been forged between the customer and its three main suppliers—one of the offshoot of a much bigger U.S. group.

The partnership is concerned with a new generation of telephone switching equipment, expected to come into service in Britain in 1981. It was nicknamed System X in the days when almost everything about it was an unknown quantity. The nickname has stuck. System X—with all the mystique it implies—will make a world debut in Geneva this summer.

World market

System X has cost the Post Office alone about £150m to develop; and the manufacturers many millions more, not least in developing novel production lines for computer-based design, manufacture and testing. How important System X is going to be in modernising Britain's telephone system can be gauged from Post Office plans to spend £250m a year on it, at today's prices, for as far ahead as it can see.

But almost every nation has begun to recognise that, just as it must have modern airliners and dependable electricity supplies if it wants to be part of the international community of nations, so it must have modern telecommunications. Telephone switching is the heart of telecommunications. A huge world market is opening for very powerful electronic switching systems built round big computers.

System X is expected to win a significant slice of this market, and to re-establish Britain as an international supplier of telephone switching equipment. The engineers behind it, both in industry and the Post Office, believe that it is one of four or five truly pacesetting achievements in the field.

The problem was how to combine the commercial no less than the technical efforts of all parties to exploit the development fully overseas. After all, only a few years ago the Post Office was saying quite openly that so big were the orders it planned to place for switching, it would rather the industry concentrated upon meeting the domestic demand and forgot about exports.

The new regime at the Post Office under Sir William Barlow promptly recognised the paramount importance of System X to the industry's future. By the end of 1977 it had rescheduled the joint development programme, lopping a year off the time needed to get it into service.

By early this year it had worked out with its suppliers an imaginative plan for a new marketing company concerned solely with exports of System X. The Post Office, GEC, STC (ITT) and Plessey each has a 25 per cent stake in British Telecommunications Systems, under a chief executive, Mr. John Sharpley, seconded from Plessey.

Reasonably enough, the rest of the industry may still treat somewhat sceptically the very idea that the Post Office and its suppliers are working so harmoniously together. Sir William Barlow admits that everyone has quite deliberately been avoiding publicity for System X and in consequence "caused our competitors a considerable amount of anxiety."

The lesson

"Harmony," says one of his suppliers, "doesn't mean that we all sing on the same note." What the partnership does mean, however, is that four technically very competent teams are pooling their efforts in a quest for the world's cheapest and most reliable "software" for controlling telecommunications traffic. If they succeed it could be the decisive factor in many overseas markets.

Other industries, sometimes involving the same companies—GEC, for example, is a recurring factor—have been wrestling in recent years with the problems of reconciling the diminishing demands of a single customer at home with a diversity of different requirements abroad. The lesson learned so far by the telecommunications industry is that if they fall to come together willingly everything in the end may be lost.

Chelsea's annual glory

GARDENS TODAY

BY ROBIN LANE FOX

CHELSEA Flower Show opens to the public today in the grounds of the Royal Hospital. From now until Friday tea time, the crowds will be buzzing like late spring bees round a display of gadgets and garden plants which has no equal in Europe. The orchids are hardly believable. The begonias have had a rougher run-up than usual. Regent's Park garden has submitted a giant model swan smothered in bedding geraniums. Most of the nylon-thread grass cutters for those awkward edges and corners have dropped in price since their first appearance. The crowds will tend to be least oppressive after six on Wednesday and Thursday evenings. I will be reviewing some of the high points, old and new, next week after you have had time to digest them and count the cost.

Remember, meanwhile, that some of the flowers and exhibits can be bought off the stand and taken straight home on Friday afternoon around 4.30 p.m. If you like something, ask if you can have it and book it in advance. Next week, no doubt, it will be all over this column if your taste is mine and the supplier will promptly sell out.

Each year, my immediate interest lies in the exhibits of bulbs. They are easily seen. You know what you are buying. They are only as tall and wide as they are shown to be. If you buy from any of the top Chelsea exhibitors (Wallace and Barr Broadleigh Gardens, and so forth) you can be sure of a bulb which is fit and ready to flower next year. They are not very cheap, but what is nowadays?

There is much to be said, too, for ordering them on the spot. Anything which flowers from a bulb in May or later is easily forgotten until the planting season is past. The list of summer and autumn bulbs arrive at a busy moment and results seem too far in the distance. But if you choose what you like when in flower and order it from an exhibitor it will arrive for next year without any bother.

These late flowering bulbs are the most under-played heart of the garden, largely because of our preoccupation when they ought to be started off. If you like them at Chelsea, order them and tell yourself it will be worth the bother.

If you are trying to add height or shape to a new garden, keep your eyes open for the many types of allium. These are bulbs of the onion and garlic family. They give you bold flowers and height in their first season. They smell of course like some European salad. But you can place them safely where nothing brushes into them.

The huge rounded heads of the one called *Acbo-Pilosum* are the most spectacular buy. They have made a name for themselves in some of our great gardens among the old fashioned roses. Hoftzs and Ladies Mantle would fill the front row perhaps with white violas for the later season. Bulbs of this big allium are then massed into the gaps before and between the Bourboo and Gallica roses. Their lilac mauve flowers are shaped individually like a star and held in heads some 9 in wide. The stems are about 2 ft tall. Their colour goes like a dream with the mauve and lilacs in the rosebeds. A dozen do much for an empty border in its first year. The flower heads fade and dry out prettily, so you can use them indoors for the rest of the year. Smaller varieties can be seen on the Alpine exhibits. All are good.

Lilies at Chelsea are always irresistible: 1979 is no exception. Ordered off the exhibit these superb bulbs will arrive for planting early next year and delight you for one summer, at least, with a superb stem of flower. After that, their fate depends on you. For straight dependability I must assume that you would make a bee-line for the indestructible Enchantment, that flaming orange-red, whose upright flowers like cups are borne in clusters of a dozen or more on one stem.

Such a safe choice can be backed up with several of the newish stars. Above all the glorious oriental hybrids from de Jager, Marden, Kent. These are bewilderingly handsome, bred from crosses of the white *auratum* and the spotted red and white *speciosum*. They will all loathe lime. They root from the stem. If your soil cannot grow azaleas reserve a specially deep pot of enriched peat for them one at a time. The pick of the bunch is surely Crimson Beauty, at £5 for three bulbs. The wide white flowers are broadly lined with a strong cherry red and are spotted darkly along their curving petals. The flowers appear on 4 ft stems in August. Red Band hybrids are almost as good, while Empress of India is for those who like a heavier red. Bonfire is a lovely compromise whose slightly wider band of colour stands out on a silvery background. If I had to choose the best for £15 I would take three Crimson Beauty, three Jamboree, whose flowers are beautifully scented and crimson-coloured almost to the edge of their white margin, and three Pink Glory, a largely white ground with a pink rose stain half way up each petal. These are true exhibitor's flowers. Six petals and wide open, they stretch to a breadth of seven inches or so. In a pot, they have to be staked.

As always, they are rivalled by some marvellous irises. Not just the big bearded varieties for borders but the lesser bulbous kind which are still too seldom used. On the rock-beds groups of the cream-yellow iris *Bucharica* catch my fancy, a Juno Iris whose flower head stands at about two feet among a handsome set of green opposed leaves. Flowering in May this easy variety is a fine way into a section of the iris family which thrives in Western Asia and can offer a true Chelsea challenge to the gardener. The lovely Regelio *cyclus* varieties are the most exacting of all. Their flowers have such papery texture and vibrant shades of sky blue, grey and black. *Chione* is the most obliging and easier plant in a pot than many realise.

There are all the usual pleasures: perfect spikes on the delphiniums, fat Japanese tree paeonies, clematis on canes in every conceivable shade of pink and blue.

Terry Kirk

Troy can set Carson a poser

RACING

BY DOMINIC WIGAN

IF Dick Hern's stable is right in believing that Troy rather than Milford is the stable's best hope of landing the 200th Derby then today's Predominate Stakes should surely fall to Sir Michael Sobell's colt.

Troy, a son of the ill-fated Petingo who had the misfortune to come up against Sir Ivor in the most fiercely competitive 2,000 Guineas I have seen, has had one race to date this season. Just under a month ago, he put up what at the time appeared to be a no more than respectable performance in beating Two Of Diamonds by a neck at level weights in the Classic Trial Stakes at Sandown.

However, in the light of the runner-up's subsequent effort, a finent succes over Main Reef in the Dee Stakes, it may well be that *Troy's Sandown victory* when his team had yet to hit form was an extremely smart effort.

Sure to have been brought on a good deal since that classic trial, Troy can this afternoon earn himself Derby favouritism ahead of stablemate Milford and Guy Harwood's Ela Mana Mou. I expect to see him cutting down the Mecca Dante disappointment Galaxy Libra inside the final furlong and scoring with plenty in hand.

Should Troy win in that style champion jockey Willie Carson will find himself in something of a dilemma for there is no doubt that the thought of a Royal victory on the Queen's Milford, in this Derby of all Derbys, could be foremost in his mind.

Lester Piggott—whose name had been linked with both Troy and Milford before yesterday's totally unexpected news from Vincent O'Brien that Accomplice will almost certainly take his chance, a remote one in my opinion—is without a ride in the Predominate.

However, I suspect that Paul Kellaway will provide him with at least one winner. Piggott bids for the Cucumber Stakes on Kellaway's once-raced Teacher's Pet and has another likely looking mount on the newcomer, Star Way in the Tetleaze Stakes.

Teacher's Pet, half-length conqueror of Tune Up when justifying favouritism over 18 opponents in the Tulyar Stakes at Lingfield for maiden fillies a fortnight ago, looks a good bet to make her experience pay against mostly untried rivals.

However, would-be supporters of Star Way should tread warily for both Troy's stablemate Roehampton and Pounentes, trained by Clive Brittain are considered sufficiently well forward to make their presence felt.

GOODWOOD
2.00—Star Way
2.30—Teacher's Pet**
3.00—Atrobes
3.30—Troy***
4.00—Rogairio
4.30—Blessed Soandso
5.00—Elysee Palace*

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.38 For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Bod on the Beach. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Scooby Doo. 4.40 Horses Galore. 5.05 Rentaghost. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Lena Zavaroni and Music.
7.30 "The New Maverick," starring James Garner.
9.00 News.
9.25 The Great American Theme Park.
10.05 Sportsnight: Football: England v. Wales.
11.05 Tonight.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55 Reporting Scotland. 6.10 Assembly '79 (Church and Nation Day). 6.30 Join BBC-1 (Nationwide). 11.45 News and Weather for Scotland.

Wales—5.05-5.35 pm Bilidowcar. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20 Trem. 7.50 Ask the Family. 8.15-9.00 The Wonderful World of Disney. 11.45 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
11.25 Cricket — Benson and Hedges Cup: Worcestershire v. Somerset.
4.50 pm Open University.
6.55 The Long Search.
7.45 Mid-evening News.
7.55 The Genuine Article.
8.20 The Money Programme.
9.00 Dave Allen At Large.
9.45 Chelsea Flower Show.
10.30 Treasure Keepers: The Victoria and Albert Mnsenm at Work.
11.20 Late News.
11.35 Cricket — Benson and Hedges Cup (highlights).
12.05 am Fox Watch.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Stepping Stones. 12.30 The Cedar Tree. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 About Britain. 3.50 Hello, Good Afternoon, Welcome. 4.20 The Sooty Show. 4.45 Magpie Special. 5.15 Makin' It.

5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 Showtime.
9.00 Secret Hospital.
10.00 News.
10.30 "Cruise Into Terror," starring Ray Milland.
12.15 am Close: Jo Maxwell Muller reads from the Book of Kells.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 The Love Boat. 5.15 Winner Takes All. 6.00 About Anglia. 10.30 S.W.A.T. 11.30 Power Without Glory. 12.30 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 Father Dear Father. 10.30 The Midweek Film: "Where's Jack" starring Tommy Steele.

BORDER

1.20 pm Border News. 2.00 Houseparty. 2.25 Family. 5.15 Gambit. 6.00 Lookaround Wednesday. 10.30 Doctors' Private Lives. 12.15 am Border News Summary.

CHANNEL

2.25 pm Family. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Ladies First. 10.28 Channel Late News. 10.32 Doctors' Private Live's. 12.15 am News and weather in French followed by Epilogue.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 Writers' Guild Awards. 11.15 Reflections. 11.20 Feature Film: "Dead or Alive." 12.50 am Grampian Late Night Headlines.

GRANADA

1.20 pm Cartoon. 2.00 Live From 2. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Give Us A Clue. 10.30 S.W.A.T. 11.30 A Question of Sex.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 "Happy Birthday, Wanda June" starring Rod Steiger, Susannah York and Don Murray.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 'Rydw I am Fod . . . 6.00-6.15 Y Dydd. 10.35 Bywyd. 11.35-12.30 am West Side Medical.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and road and weather. 2.25 Family. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 The Writers' Guild Awards. 11.15 Late Call. 11.20 Barnaby Jones.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Loveboat. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East Area Only). 10.30 Writers' Guild Awards. 11.15 Southern News Extra. 11.25 Mannix.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where The Jobs Are. 5.15 Gambit. 6.00 Northern Life. 10.30 "Tiger by the Tail" starring Christopher George. 12.15 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Entertainers. 2.55 Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.30 Wednesday Movie: "The Pumpkin Eater" starring Anne Bancroft, Peter Finch and James Mason. 12.30 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 10.32 "Doctors' Private Lives" (TV Movie). 12.15 am Faith for Life. 12.20 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 S.W.A.T.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 8.00 Paul Burnett. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 7.30 pm Sports Desk. 7.33 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am: With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Ray Moore including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 International Soccer Special: England v Wales. 9.30 The Impresarios (join VHF). 9.55 Sports Desk. 10.02 The News Huddlines. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.0 am You and the Night and the Music with Richard Clegg (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Glinka. 9.45 Music for Organ (S). 10.15 Concert Club (S). 11.10 Bournemouth Symphony Orchestra Concert, part 1 (S). 11.40 Interval Reading. 11.45 Concert, part 2. 1.00 pm News. 1.05 Concert Hall (S). 2.00 Bridge, Ireland and Scott (S). 3.00 Rachmaninov as Interpreter: illustrated talk by David Wilde. 3.45 "Pinotta," opera in two acts by Mascagni (S). 4.30 Ravel (S). 5.10 Young Music-Makers (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home: The Gallic Touch. 7.10 The Arts Worldwide. 7.30 Bach: B Minor Mass (S). 9.40 The Life of a Leaf by Tom Pickard. 10.05 Schubert Sonatas (S). 11.00 Music in our Time (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Parent Power. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Listen In. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 What Ho! Jeeves. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Pierrots and Fol de Rols: Memories of Concert Party (S). 8.45 Analysis. 9.30 Kaleidoscope: Fireworks at the Tate. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Europe Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 Question Time. From 1.05 Join Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 The A.M. Show. 10.00 Brian Hayes. 1.00-2.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott. 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,978

ACROSS

1 Theologian in hybrid confusion (6)
4 Phone RAC about this stormy point (4, 4)
9 The admiral is discovered in the hold (6)
10 Refused to take part with Edward in work-out (5, 3)
12 Is inclined to believe they may be guilty (8)
13 A day starts this way in Scotland (6)
15 Stirrup club (4)
16 Distracted sum in China (7)
20 Recreation for Father's Day (7)
21 The commander's return is a legend (4)
25 One who annoys frees us from attention (2, 4)
26 Perverse, and possibly drawn out (8)
28 Hurtful for a mother getting on (8)
29 A chap leaves the City in haste (6)
30 This was only a half-tribe (8)
31 Approval in triplicate (6)

DOWN

1 A Scotsman active in Yugoslavia (8)
2 "The disappointment of manhood succeeds to the —— of youth" (Disraeli) (8)
3 Gets on as a spectator, and is handsome after a good start (6)
5 Current term as written about a politician (4)
6 Does not forget to size up the paper (8)
7 Smells that have nothing to do with the City's (6)
8 No one rises to beat up the country (6)
11 Gibraltar has its difficulties (7)
14 Very hard period for the morning worker (7)
17 Spend a long time in corridors (8)
18 These swine rushed downhill and were drowned (8)
19 Chargea Dan upset among his chums (8)
22 Chance currency with order (6)
23 People round the Shop introduce a fishy type (6)
24 Not placed, but welcomed by bridge trio (6)
27 Formerly to be found in Canton ceramics (4)

Solution to Puzzle No. 3,977

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

THE ARTS

Hampstead

Then and Now

by B. A. YOUNG

David Mercer's characters in this play have a lot of sex, but there is always something to stop lasting enjoyment. Can it be politics? They talk about politics almost as much as they talk about sex, and naturally it stirs up differences between them. The only lasting affair is that between John and Isabel, though it is true that this is reduced to fellatio by Act 2, Scene 3.

Their secret seems to be that they are unpolitical and successful. John, a Yorkshire miner's son who has won a VC in the war, becomes an immensely successful surgeon. Isabel, who began her association with John at the age of 17, when he was on leave with a wound, becomes an immensely successful archaeologist. They do not marry, but they have sex in most of the world's more glamorous capitals.

Of course, they have sex elsewhere as well. John's first wife is a German nymphette whom he picked up during the war. His second is an upper-class Marxist, Emma. Emma's brother Robert, though he is married to a Zionist wife, has splendid sex with an ageing Isabel in Rome. When his wife hears about it, she runs over her dog with her car; but Fate is on her side, for Robert is caught in a political bomb explosion in Rome and loses his sight.

"I wish you would suddenly die," Emma says when John greets the news with the cynicism he picked up from Isabel's father, a wartime brigadier. "So do I," John agrees. Is this perhaps what the title is pointing at?—a cynical upper class passing on its cynicism to the graduates from the working class, and causing the same distress?

I didn't wish Mike Gwilym, who plays John, would die at all, for he gives a fine performance in that rare phenomenon, a developing character. In a Lawrentian first scene with his mother (observantly played by Liz Smith), he is still the ambitious working lad who has made his first step up with an infantry commission. On VE night at Claridge's, he and Morag Hood as the nubile Isabel give a fine display of democratic sex, and the cynicism is beginning to show. Finally it is all-enveloping. It is a pleasure to hear Mr Gwilym deliver it, but it conceals reality.

The play is beautifully done under Robin Lefevre's direction on a cumbersome convertible set by Sue Plummer. Miss Hood gives another triumph of developing character, from knowing teenager to wearying playgirl of middle years. Simon Chandler's Robert (though he speaks too loud for this little house) has the charm to make us wince when we hear about his eyes, though we know nothing nice about him; and Patricia Hodge makes Emma human, though she speaks mostly in literary obiter dicta, in which, indeed, she is not alone.

Leonard Burt

Morag Hood and Mike Gwilym

Bath Festival

Tippett's new Quartet

by RONALD CRICHTON

Tippett's four operas and four symphonies now have a little brother the fourth String Quartet, first on Sunday evening in the Bath Assembly Rooms as part of the Festival. The performance, a most assured one, by the Lindsay Quartet was recorded by the BBC and broadcast on Radio 3 one hour later—just time to rush home and listen again. A prompt second encounter was more than welcome. Various interconnections of mood and material between the Quartet's four continuous movements escapes the ear at first hearing. No doubt subsequent performances will show that much else did so at the second. Though the new work makes an immediate impact, it is not in Tippett's nature to be crystal clear from the word go.

A characteristically elliptical note by the composer speaks of a "general progression . . . from a web of sound unwinding into linear clarity, and from intense stillness breaking out through the unwinding into vigour." But these two hearings also suggested an arc-form with at least one facet shown in the first movement that plays the role of Introduction — a kind of subdued, gently ecstatic excitement — returning at the end. Other facets of this movement become abundantly and variously productive. At the very beginning there are hints in the bass of birth-struggle, and soon after a delicate patter-figure in short, staccato notes, that grows into sturdy linear writing.

Tippett also asserts that "the emotional weight of the piece falls onto (movement) No. 3." Yes and no, judging from this performance. The movement in question has beautiful lyrical writing with a touch of blues, not unlike Hannah's night soliloquy in *The Ice Break*. There are also pages of lacy, airy, wide-spaced texture where the patter-figure reverts to its earlier, more decorative function. But there remains plenty for the last movement to do.

Internal balance between movements appears so precisely judged that an initial impression of some Hindemithian treading water in the second (a fully worked allegro) may well disappear on closer acquaintance. The old complexity of writing and brusque antithesis of tempo or colour are reduced almost to essentials, rather as Fauré in his later years simplified and pared down his typical procedures. Not that the Fourth Quartet is like Fauré—the presence over Tippett's shoulder rather resembles late Beethoven, with a prominent tag in the finale that might have been snapped off the *Grosse Fuge*, and much use of ethereal, high trills. The wind-down in the finale, leading back to the initial stillness—like a stillness of nature, made up of a number of barely perceptible sounds—is of great interest. The Lindsay Quartet appeared to be in remarkably certain command of the music. The sooner they add No. 4 to their recordings of the previous Tippett Quartets the better.

The Assembly Rooms, kind to string music, are less flattering to piano tone. It took time to adjust to the sound of the instrument used by Vlado Perlemuter for his Chopin recital on the first evening of the Festival. He started slightly below form, a little fuzzy at the edges, but the focus grew sharper and sharper, and by the second half he was playing most things (the tone in the last two of the op. 25 Studies was slightly forced) with his unique containment that avoids extremes of speed or dynamics, yet presents the prismatic lights of Chopin's music in all their soft brilliance. Perlemuter gave both sets of Studies, prefacing them with the F sharp minor Polonaise (op. 44) and the F minor Ballade respectively, adding as encores the F major Nocturne and the *Tarantella*, the first unexpectedly haunting in his performance, the second full of sly wit.

Fifth International Young Conductors Awards

The Rupert Foundation, established for the benefit of arts, music and conservation, is inviting applications for its Fifth International Young Conductors Awards.

To ensure the selection of only the best young conductors, the Rupert Foundation requests that all applicants fulfil the following requirements: they must not be older than 28; must have had some practical experience of conducting on a regular basis, preferably with a professional orchestra; must be nominated by a professor of music, a head of a music college or a musician of notable standing.

It would be preferable if they had the backing of a musical authority, too. Successful applicants will be asked to come to London from January 20-24 1980 when selection for the awards takes place.

The adjudicating panel will include David Atherton, Sir Charles Mackerras, Riccardo Muti, Manong Parikian, Gennadi Rozhdestvensky and Malcolm Williamson, in addition to representatives of the Rupert Foundation and the BBC.

The awards total £7,500. Application forms and further details are available from The Rupert Foundation, P.O. Box 120, Aylesbury, Bucks.

Sadler's Wells Royal Ballet on television

BBC TV is to televise Sadler's Wells Royal Ballet in *Les Patineurs*, *Les Rendezvous* and *Pineapple Poll* in the "Big Top" in Cambridge for transmission later in the year.

London Handel Festival

The London Handel Festival will open at the Elizabeth Hall on June 9.

The festival, sponsored by MK Electric Holdings, then moves to St. George's, Hanover Square.

Television

Entering the Fifth Age

by CHRIS DUNKLEY

My fervent hope for broadcasting in the Eighties is that everyone concerned with it—broadcasters, politicians, and viewers—will grow up. That, in essence, is my contribution to the debate on broadcasting which recently seems to have developed with such suddenness.

In part this is coincidence. Nowadays election campaigns, whatever the outcome, always increase discussion about the theory and practice of broadcasting. In addition, on this occasion, the election of a Government with broadcasting policies quite different from the outgoing administration's has increased the level of interest.

Moreover this happens to have coincided with one of television's periodic bouts of self-inspection. In addition to London Weekend's monthly *Look Here* (seen in only some regions) there has also been the series about television journalism, *Whistle Blowers*, made by Bernard Adams and Giles Oakley and shown so late at night on BBC1 that even I had trouble staying awake to watch—and I was the presenter. There have also been two 50-minute programmes made by Maryse Addison for BBC2 taking an international view first of cable television and then of independent programme makers.

Furthermore, last week saw the publication of two of the best non-preaching books about television to have been published for a long time: *Television and Political Life** edited by Anthony Smith, and *Television Censorship and the Law*† by Colin R. Munro. The first is particularly useful because in telling about television and politics in Britain, France, Italy, Germany, Sweden and Holland, it takes the view of six indigenous writers and not (as other books have) the view of one travel scholarship. The second is, surprisingly, the first book devoted exclusively to its subject which it covers with admirably concise thoroughness and a refreshing absence of sociology jargon.

Finally, in newspapers and magazines there has been an upsurge of long "think pieces" about broadcasting, of which the most notable so far has been a so-called "confidential memorandum" prepared by Stephen Hearst, chairman of the BBC's "Future Policy Group" for internal discussion, and now published with the BBC's blessing by Encounter under the title "Has Public Service Broadcasting a Future?" There is space here to quote only the last two paragraphs of Hearst's 10 pages:

"If the community at large is in any way estranged from BBC programmes, arguments or practices, the BBC cannot expect to last into the 21st century.

"All these assertions and arguments are in turn based on the belief that the BBC remains the greatest British cultural invention of the 20th century and that its disappearance would be a colossal disaster. We must see to it that this disaster never occurs."

Such an expansion of public interest in broadcasting in so many places is not solely coincidence. There is, surely, a widespread awareness within the medium and on its periphery that we are approaching the end of television's fourth era.

The first, when the BBC was alone and radio was still dominant, lasted from 1946 when the Alexandra Palace transmitter opened after the war until the coming of commercial television in 1955. The second ran from 1955 until 1960: ITV introduced new sorts of schedules, initially stole 70 per cent of the national audience, and forced the BBC to re-think its ideas. The third era spanned the sixties, Sir Hugh Greene's decade as director-general of the BBC, when television expanded again with the start of BBC 2, and new ideas in drama, satire and current affairs created fun and controversy. The fourth and quieter era has been the plateau of the seventies which has seen no expansion and few truly new ideas.

That era is now ending and there are changes in the offing. The Conservatives have promised the fourth channel to "Independent" Television (a term to which Stephen Hearst rightly objects) and the likelihood is that the staff hired for the new channel from the present organisations will at last free the logjam of middle-aged personnel which has been clogging BBC and ITV during the Seventies.

Prospects for the Eighties must include the use of the fifth and sixth channels (virtually available now), rapid growth in the audience's choice and control of programmes thanks to videocassette recorders (numbers in use are at last rising fast) and perhaps some innovations in distribution technology—direct satellite transmissions to domestic dish aerials, possibly, or some increase in cable activity.

One hopes, however, that the sort of local cable operations described by Peter Fiddick in Maryse Addison's first programme will contract rather than expand since the examples in Swindon and Reading, Pennsylvania proved how easy it is to transfer your problems from real life to television and imagine that you have solved them. Contradictory access programmes made by tenants and landlord about housing repairs do nothing to improve the housing stock, they are merely an expensive way of letting off the steam which would be better released face to face at a public meeting.

Moving onto the question of the sort of television we do want in the eighties brings us back to the business of growing up. Though it is an increasingly important part of the fourth estate, television as a medium for journalism will never progress beyond adolescence until it gets into Parliament and fulfils its obvious potential in expanding public knowledge of the democratic process.

Before that can happen the politicians will have to grow up—a few of them, at least, since previous motions to televise the House have been lost by narrow margins, once by a single vote. The attitude which prevents the public at home from using the electronic public gallery offered by television was typified by the comments of John Stokes, MP, who told the House last July that "Constituents would peer into their screens and scan them to see if their MP was present, not realising that attendance in the Chamber was only one of the many duties of an MP." Nobody asked him whether, by the same token, he would argue for the closure of the existing public gallery.

But instead of waiting for MPs to raise the esteem in which they hold their constituents and grow out of the remnants of obscurantist fearfulness which previously led to the banning of newspaper reporters for so long, it is surely time the broadcasters actually started campaigning to get in.

Nor is it just the politicians and broadcasters that one would be glad to see growing up in the coming decade: audiences too would benefit from greater maturity. It is to be hoped that in the eighties the responsibility for choosing what the audience is allowed to see will devolve upon individual viewers. It is high time that the false distinction between television and other mass media was abandoned.

So far broadcasters have acquiesced in the demands of those opposed to freedom to treat viewers as though they entirely lack discrimination and are incapable of using the "off" switch. It would be heartening if in the eighties the audience were to urge the broadcasters to approach the matter from the other side. Instead of asking "What can we do to ensure that this programme is not offensive to a minority (or even a majority) who won't be knowing what to expect" broadcasters should be told to ask themselves "How can we ensure that anyone likely to be offended by this programme is forewarned and therefore has no grounds for complaints if he watches."

Only by that means can television grow out of the toddler's harness into which it has hitherto been laced, and begin to approach the stature of a grown up medium, as capable as newspapers of carrying undiluted opinions, as ready as the theatre to convey the passion of its dramatists unbowdlerised, as free as—preferably more free than — the cinema to transmit the work of a new Bunuel or indeed a new Potter.

To grow up in that way broadcasters will have to use their programme journals, national and local newspapers, their own presentation departments, trailers on radio and television and any other means they can find to ensure that viewers have no excuse for making uninformed choices. Moreover those in the BBC will have to fight a 50 year tradition of paternalism, and those in ITV the same inherited tradition plus the Television Act.

But the time has surely come for them to do so. Broadcasters have played nanny to the nation's children and auntie to the grown ups for long enough. It is time broadcasters and viewers—as well as politicians—accepted responsibility for their own adulthood.

* *Macmillan. £10 hardback; £4.95 paperback.*
† *Saxon House. £9.75.*

John Hurt as Raskolnikov in Dostoevsky's Crime and Punishment which started a three part serialisation on BBC 2 last night.

Covent Garden

Werther

by RONALD CRICHTON

The Covent Garden *Werther* is a joint production with the English National Opera, first seen at the Coliseum two years ago, now transported to the Royal Opera, where it is sung in French by an international cast. On Monday night Berganza, announced to sing Charlotte, was ill. She was replaced at very short notice by Viorica Cortez. Disappointment was softened by the Romanian mezzo's ability, in difficult circumstances, to give a competent, stylish, charming performance. From the moment of Charlotte and Werther's return from the dance towards the end of the first act and her tender inflecting of the words "Il faut nous séparer," one felt sure all would be well.

For Charlotte's music in the admirable third act Miss Cortez does not have the plangency which in their different ways Vallin, Callas and Janet Baker could lavish on letter scene and prayer, but the audience was held none the less. The singer is tall, dark and handsome. She moves regally and wears Michael Stennett's becoming costumes to admiration—for such a splendid creature to be caged in stuffy Wetzlar as a burgher's wife was asking for trouble. Not really the kind of young lady envisaged by Goethe in the novel on which the opera was based, but justified by Massenet's score. Homely, provincial young German ladies were not in this composer's usual line.

Alfredo Kraus, the Werther, is a *tenore di grazia* of distinction, with an elegance of style that suits much but not all of this role. The first Werther was a Wagner tenor (also a noted Des Grieux in *Manon*) and it must be admitted that a heavier voice would be in less danger from the orchestra and more suitable for conveying Werther's fatal impulsiveness. Yet Mr. Kraus managed a voice no longer ideal for youthful transports with experienced skill. Even in the last act, where many lyric tenors begin to flag, he produced some most delicate phrases. In appearance and restrained but effective movement he resembled the disillusioned Onegin more than the ardent Werther.

Sophie, Charlotte's younger sister, was sung by the gifted Isobel Buchanan with a brilliance and fullness barely suggested by Massenet's feather-light treatment of the role. This Sophie seemed less likely to humour Werther than to take him firmly by the shoulders and tell him to leave Charlotte alone. The father was Robert Lloyd, husband Albert was Jonathan Summers (a pleasure to hear him not pulling out all the stops for once). Malcolm King and Paul Cook gave the two toping cronies Johann and Schmidt rather more than they deserve.

The conductor, Michel Plasson, was making his British debut. Strong, warm playing, which almost saved the interminable interlude between acts 3 and 4 from tedium and interestingly (with expert assistance from Mr. Kraus) revealed the dying Werther's last wishes about burial as a possible influence on the final pages of *Pelléas*. John Copley's production and the settings of Stefanos Lazaridis sit well on the Covent Garden stage. The cosy room in Albert's house is delightful, though not much is gained here or in the following act by reminding us so often of the cold woods outside.

Festival Hall

Bach Choir

by DAVID MURRAY

On Sunday night Sir David Willcocks conducted the Bach Choir and the Philharmonia in an all-Beethoven programme, with the steel-fingered assistance of the pianist John Lill. Mr. Lill's playing these days is a mixed pleasure: his fierce attack disdains much help from the pedal, and the resultant tone is strident in forte, starved in pianissimo. (Beethoven's own playing was said to resemble that after his hearing had gone, though by all accounts it was also much less accurate than Lill's.) On the other hand, it has an undeniable intensity—if little grace: transitions in the C minor Concerto were invariably brusque, and the multiple-trill passage of the cadenza lurched painfully. A tic of hammering the last notes of phrases, irrespective of melodic shape, was so obtrusive that I feel Lill must have acquired it unawares.

Lill's insistent seriousness offered more for the Choral Fantasia op. 80, a likeable piece, however, loosely strung—it suffers, of course, from so obviously pre-echoing the Choral Symphony, but that is not an internal fault. Lill expounded the long piano preamble with weighty conviction, and the Bach Choir were massively confident in the crypto-Ode to Joy at the end. Willcocks contrived little illusion of organic development in the work, but one can hardly complain about the absence of something that isn't really there, and the total effect was inspiriting.

The principal choral work was the Mass in C, op. 86. The Bach Choir made an excellently clean-edged sound throughout, round and full without andipose tissue. The soloists—Kathleen Livingstone, Nicola Lanzetter, Neil Mackie and David Wilson-Johnson—sounded young and willing, generally stylish if occasionally under-powered. The Beethovenian muscle in the score was less prominent than his respectful adherence to the conventions of the form. Willcocks made less of the (cautious) symphonic ambitions of the music than of local felicities in this and that movement: satisfying enough and skilfully done, but no more exciting than performances of this Mass generally manage to be. The later, grander Missa Solemnis casts a permanent shadow on it.

Five world premieres at Orkney Festival

The St. Magnus Festival of Music in Orkney will this year feature five world premieres.

The third annual festival opens in Kirkwall on June 15 with a concert by the BBC Scottish Symphony Orchestra and ends with a concert by the St. Magnus Singers and Chamber orchestra.

The main choral event will be the premiere of a new work by Peter Maxwell Davies, a setting for tenor, choir and organ of a specially-written poem cycle by George Mackay Brown.

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Labour's pay legacy

MRS. THATCHER'S Ministers have now officially announced their determination to use cash limits vigorously to contain the cost of public sector pay settlements "as intended by the previous Government." In one sense, this claim of continuity is overstated: the new Administration seems to be applying the principle rather more ruthlessly than the Labour government seemed likely to do. The implied real savings are now three per cent rather than two per cent, for example, and the plans for future public spending are obviously more restrained. In another sense, however, continuity is more than stated. The Labour approach to pay itself appears simply to have been taken over, faults and all.

Comparability

The approach to pay is at the heart of the matter, because it is the size of settlement which determines whether cash limits are an easy fit or a severe constraint; and it seems clear that "comparability" remains the buzz-word. The speeding up of a comparability award to the armed forces and the police was virtually the first administrative act of the new régime. Since then, the comparability approach has been confirmed for all those groups which had already submitted their case to Professor Clegg and his review board, and the teachers — who demanded arbitration — have been persuaded to accept the same formula.

We expressed strong reservations about this approach when it was adopted by the previous government, and the change of régime has not removed any of the objections. It is to be hoped that it has not been embraced so uncritically as it appears to have been at the moment.

In a purely negative sense, a guarantee of comparability looks like elementary justice. If it meant only that the government which adopted it had abjured the notion of using its power as an employer to buy public service on the cheap, there could be no objections. Unfortunately, it implies far more. The very word "comparability" suggests that there is some objective way of assessing the right pay for any group in the public service by inspecting pay levels in the outside world. This may be true where there are strictly comparable jobs on both sides of the divide — in computer programming, for example, or transport driving. But even here comparisons can be deceptive: some competitors of the public sector — in medicine and education, for example — justify their existence by charging more for what is or purports to be higher quality.

Qualifications

For a large part of the public service, however, there is no possibility of strict comparison of occupations. *Comparability* then tends to turn into something else. People with certain educational or technical qualifications lodge claims which imply that they can expect given income regardless of their actual job (which is clearly untrue in the private sector); other groups, more insidiously, claim to be restored to the highest place in the pecking order which they have ever occupied. When governments are not in a mood to meet such claims, these are described as leapfrogging.

These formulae cannot be expected to produce helpful answers, as can be seen without any reference to the private sector. It has long been clear that in some instances, relativities *within* the public sector are wrong. For example, we are short of doctors, tax inspectors, and underground train drivers. There is a surfeit of schoolteachers and administrators.

The fact is that pay needs to respond to supply and demand as well as to some abstract notion of justice, in the public as much as in the private sector. Attempting to apply economies in the same undiscriminating way as comparability awards, with across-the-board manpower cuts, is at best a makeshift. If an important occupation is heavily undermanned because of inadequate pay in the past, it is sheer illogic to try to pay for an adequate award through still more inadequate manning.

Discrimination

There is, in short, no magic formula through which a government can combine efficiency, economy and justice; sound policy must discriminate between one case and another, even if this involves disputes and ill-feeling at times. The Government has, under pressure, taken up Labour's simplistic approach where it found it; but it must preserve room for radical improvements.

Facing up to the shortage

FIFTEEN months ago the Labour Government published a Green Paper on energy policy which outlined the three main options for conserving energy —raising prices to the consumer, by taxation or other means, reinforcing or extending mandatory measures, and encourag- tax allowances. Referring to the ing energy saving by grants or second of these options, the Green Paper commented: "Compulsion is never popular and is likely in many areas to prove acceptable only when the dangers of future scarcity are widely recognised as being imminent or certain, which is not at present the case."

Today, there is not only a general awareness of an imminent energy shortage, but a number of consumers are already unable to obtain the supplies they need. Thus the conditions are ripe for a tougher approach to energy conservation which could be accepted by the public without much protest. Yet the Government shows no sign of wanting to give a lead.

Strains

No doubt Ministers are reluctant to do or say anything which might lead to panic buying. But there can be no disguising the fact that supply is very tight indeed and likely to get tighter over the next few months. Yesterday's news that Saudi Arabia is supplying less oil to the partners in Aramco is a further indication of the strains being imposed on the major oil companies' distribution systems.

There is an understandable tendency on the part of some European governments to put the blame for the present situation on the U.S. Certainly there can be no justification for the absurdly low level of domestic oil prices in the U.S. Those Congressmen who are opposing President Carter's de-control proposals because of alleged profiteering by the oil companies are doing a disservice to the world economy as well as their own. But as Mr. James Schlesinger, the U.S. Energy Secretary, pointed out in Paris yesterday, the U.S. has done rather more to restrict consumption than most other industrial countries, with the exception of Japan.

Governments of the industrial countries should co-ordinate their energy policies through the International Energy Agency, but the IEA is not a supranational authority which can impose particular measures on individual countries. The communique issued yesterday after the two-day meeting in Paris was mainly concerned with strategy for the medium term: it emphasised the potential for coal and the need to keep nuclear plant construction up to schedule and increased "whenever possible." For the short term the IEA members remain committed to a 5 per cent cut in their oil consumption this year, to be achived by pricing policies, voluntary programmes or mandatory action "where necessary."

In Britain the availability of indigenous coal and oil has caused a degree of complacency. The Labour Government hoped to meet the IEA's 5 per cent target mainly by using more coal instead of fuel oil in power stations, together with some other fairly painless energy conservation measures. Whether this will be sufficient to achieve 5 per cent is not certain, but it would surely be wise to err on the side of caution and to use the present situation, when the public is genuinely anxious about supplies, as an opportunity to introduce stricter measures; these could include lower speed limits on the roads which would have a useful psychological effect.

Efficiency

It would be reassuring to know what approach the new Government intends to adopt towards energy conservation. One of the most effective weapons is pricing policy and one would expect to see some action on this front in next month's Budget. But pricing cannot take the whole burden; other ways of encouraging greater efficiency in energy utilisation, some of which were discussed in last year's Green Paper, are needed. A real energy shortage has arrived much earlier than anyone had forecast and is likely to persist at varying levels of intensity for a long time. The time for leisurely discussion of possible alternatives is past.

The European parliament goes to the grass roots

By GUY DE JONQUIERES, Common Market Correspondent in Brussels

THE ELECTORATES AND THE RULES

Country	Number of seats	Electorate	Eligible voters per seat	Electoral system	Compulsory voting	Franchise for: Nationals abroad	Franchise for: Other EEC nationals	Polling day
BELGIUM	24	6.6m	275,000	PR	Yes	Yes*	No	June 10
DENMARK	16	3.7m	230,000	PR	No	Yes	No	June 7
(Greenland)	(1)			(Simple major.)				(June 9)
FRANCE	81	35.2m	435,000	PR	No	Yes	No	June 10
W. GERMANY	81	42.1m	520,000	PR	No	Yes†	No	June 10
IRELAND	15	2.1m	140,000	PR	No	No	Yes	June 7
ITALY	81	40.9m	505,000	PR‡	Yes	Yes§	No	June 10
LUXEMBOURG	6	0.2m	34,000	PR	Yes	Yes¶	No	June 10
NETHERLANDS	25	9.5m	380,000	PR	No	Yes‖	Yes**	June 7
U. KINGDOM	81	40.1m	495,000	Mixed††	No	No	No§§	June 7

* If abroad for less than six months. † If living in EEC. ‡ Modified to ensure representation for certain regions. § Under bi-lateral arrangements with other EEC members. ¶ Must cast vote in Luxembourg. ‖ If living in EEC. ** Unless they may vote in own country. †† Traditional first-past-post system in 78 English, Scottish and Irish constituencies, PR in single three-member constituency in N. Ireland. §§ Resident Irish citizen may vote.

THE EUROPEAN COMMUNITY will break new ground within three weeks when voters in the nine member countries will for the first time choose the European Parliament by direct election. Never before have citizens of so many countries been invited to cast ballots simultaneously in a single election. In all, more than 180m people will be entitled to participate from June 7 to 10, the biggest eligible electorate in the western world.

The new parliament will have 410 members and will replace an existing 198-member body made up of MPs appointed from national legislatures. By any standards, it will have taken a long time to make its appearance on the EEC scene. Direct elections were envisaged in the treaties whicb established the Community more than 20 years ago, but it was not until late 1976 that EEC Governments finally agreed that they sbould be held.

Exactly what role the directly elected parliament will play is still far from certain. The Community's founders believed that it would provide a vital counter-weight to the European Commission, whicb they expected progressively to assume *many of the executive functions* performed by national Governments as the integration process moved inexorably forward.

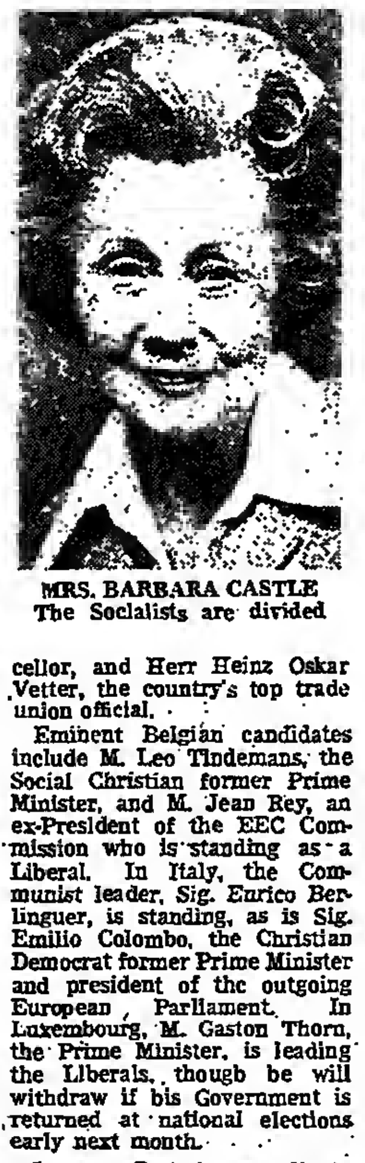
Things bave not evolved in that way. In recent years the Commission bas lost rather than gained in political importance. Nor are there any plans for expanding the Parliament's formal powers, whicb bave so far been largely *consultative*. Unlike national parliaments it will play no part in the formation of a Government, and any attempt by its members to wrest a bigger legislative role from the Council of Ministers seems certain to be resisted by the more sovereignty - conscious members like Britain, Denmark and France.

None the less, the elections are regarded as an important milestone by both supporters and opponents of further European integration. Enthusiasts of the EEC bope that they will endow the Parliament with a legitimacy and influence which it has lacked in the past. They believe that the Community's institutions will be made more democratic and that a fresh impetus will come from the grass roots for continuing the construction of a united Europe.

Anti-EEC forces, chiefly in the British Labour Party, the French Gaullist and Communist Parties, and several groups in Denmark, concede that the elections may produce at least some of these results. But they view the prospect with dismay, warning that the prerogatives of national parliaments will be undermined and national sovereignty threatened. Many anti-EEC parties are, bowever, running energetic campaigns intended to secure a maximum representation in the European Parliament. Only thus, they argue, can they be sure that its wings will be effectively clipped.

The contest bas drawn a varied crop of about 3,000 candidates representing more than 80 political parties from the far Left to the far Rigbt. Among the better-known names in Britain are Mrs. Barbara Castle, the former Labour Minister, Sir Henry Plumb, previously the farmers' leader, and Sir Fred Catherwood, former bead of the National Economic Development Council. The Conservatives are also fielding balf a dozen existing European MPs and several employees of the European Commission.

In France, M. Jacques Chirac, bead of the Gaullists, will lead bis party into the fray, while tbe Socialist and Communist lists will be beaded by the respective party leaders, M. Francois Mitterrand and M. Georges Marchais. The Giscardian list will be beaded by Mme. Simone Veil, the popular Health Minister. In Germany, the Social Democrats are fielding Herr Willy Brandt, tbe former Chancellor, and Herr Heinz Oskar Vetter, the country's top trade union official.


MRS. BARBARA CASTLE
The Socialists are divided

Eminent Belgian candidates include M. Leo Tindemans, the Social Christian former Prime Minister, and M. Jean Rey, an ex-President of the EEC Commission who is standing as a Liberal. In Italy, the Communist leader, *Sig. Enrico Berlinguer*, is standing, as is Sig. Emilio Colombo, the Christian Democrat former Prime Minister and president of the outgoing European Parliament. In Luxembourg, M. Gaston Thorn, the Prime Minister, is leading the Liberals, thougb be will withdraw if bis Government is returned at national elections early next month.

In an effort to co-ordinate their campaigns and give them a more European dimension, a number of tbe major political parties have banded together into transnational federations to fight the elections. The Christian Democrats, who are represented in every country except Britain and Denmark, have formed the European People's Party, while the Liberals have formed a federation with members in every country except Ireland.

The Socialist group is the only one to have members throughout the Community. But there are profound differences on European questions between its British and French members on the one hand, and the Socialist parties in Germany and the Benelux countries on the other. That makes it the loosest of the three formations. Significantly, it describes itself as a "confederation."

All three groupings have published programmes for the campaign, in which their constituent parties attempt to set out a common view on the future role of the Parliament, the development of the EEC and the major economic and social problems of the day. But even the Christian Democrats, the most cohesive of the three political families on European questions, have been able to agree only on a very general declaration, and there are clear differences of emphasis in the campaigns being conducted by the various parties on their home territory. None the less, members of all three groupings claim that the task of drafting common programmes has improved their mutual understanding.

Despite their links with the German CDU/CSU, the British Conservative have not been asked to join the European People's Party—partly because the name Conservative has unpleasant overtones to many Christian Democrats, and partly because several of the members have strong confessional roots which the British party does not share. The French and Italian Communist parties have published a "common declaration," but have made no formal arrangements to co-ordinate their campaigns.

So far, the elections have failed to generate much public interest in most parts of the EEC. A real debate has got under way only in Denmark, wbere anti-EEC parties bave formed an alliance to fight the elections, and in France, wbere the Gaullists bave been seeking to turn them into a test of President Giscard d'Estaing's European policies and, by extension, of his popularity in the country at large.

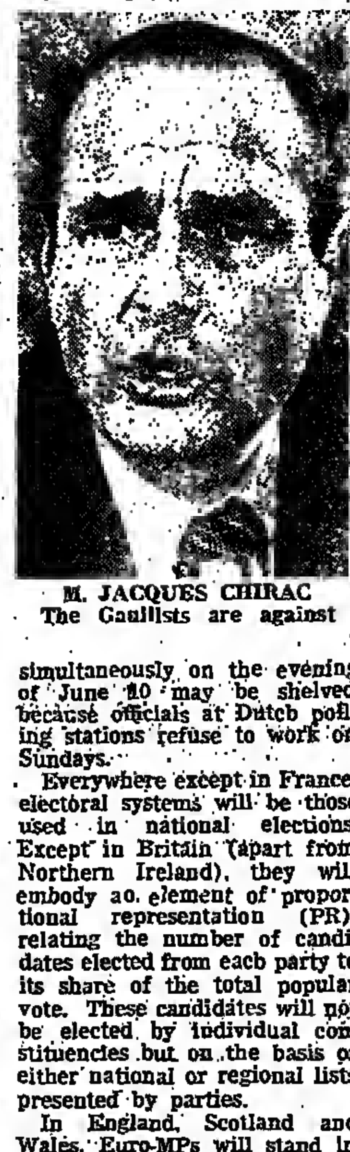
M. Chirac, the Gaullist leader, clearly sees the campaign as a dry run for his candidacy in the 1981 French presidential election. His party's showing in three weeks' time could critically influence the political balance in France. From his standpoint, the omens so far are not encouraging. All opinion polls show the Gaullists faring rather poorly and winning a substantially lower share of the vote than the Giscardian Union pour la democratie francaise.

Yet President Giscard is taking no chances. His Government has sought to defer until after the direct elections difficult EEC negotiations in which it might be called upon to compromise national interests. This tactic has been made easier by the fact that France currently occupies the presidency of the Council of Ministers in Brussels. A decision on EEC farm prices is not now expected before late next month, and France has deliberately refrained from pressing its controversial demands for a revision of the Euratom treaty on nuclear safeguards.

If the British Labour Party manages to pull itself together rapidly enough after losing the national election it may also attempt to turn the Community elections into a verdict on EEC membership. An expensive EEC-sponsored publicity campaign is due to unfold in the UK during the next few weeks, intended to make the Community a talking-point. British anti-marketeers may seek to turn it to their advantage. But Britain's "first past the post" election system is heavily weighted against Labour, whose candidates are expected to do far less well than the Conservatives.

Elsewhere, candidates face the problem of convincing the electorate that it should bother to vote in an election which is likely to produce no immediate change in the lives of most Europeans. In many cases, they are pitching their campaigns at such widespread concerns as unemployment, conditions of work and inflation, though without saying precisely how their election would help alleviate problems. In several countries "single-issue" parties, such as the ecologists, are also fielding a fair number of candidates.

No common rules have been agreed for electoral procedures, and countries have been left free to organise these as they wish. Polling will be spread over four days from Thursday to Sunday, so that each country can choose the day of the week on which it normally holds national elections. Counting will begin only after polls everywhere have closed. But plans to announce all the results simultaneously on the evening of June 10 may be shelved because officials at Dutch polling stations refuse to work on Sundays.


M. JACQUES CHIRAC
The Gaullists are against

Everywhere except in France, electoral systems will be those used in national elections. Except in Britain (apart from Northern Ireland), they will embody an element of proportional representation (PR), relating the number of candidates elected from each party to its share of the total popular vote. These candidates will not be elected by individual constituencies but on the basis of either national or regional lists presented by parties.

In England, Scotland and Wales, Euro-MPs will stand in individual constituencies, consisting of several Westminster constituencies grouped together. On average they will consist of almost 500,000 voters, though the number will be lower in Scotland and higher in parts of South East England. As in British national elections, the winner will be the candidate polling the most votes in his constituency. But Northern Ireland will use a PR-based system modelled on that in the Republic and intended to improve the chances of candidates representing the Catholic minority.

There are huge differences between the number of voters for each Euro-seat. In Germany, there are 520,000 eligible voters for every Euro-member, the highest number in the Community, and more than twice the entire eligible electorate of Luxembourg. Yet Luxembourg has managed to persuade other EEC Governments that it should have six Euro-MPs, one for every 35,000 of its voters.

To a considerable extent, the success of the elections may be judged by the number of people who bother to go to the polls. But it is already clear that turn-out will vary widely between countries. It will probably be highest in Belgium and Luxembourg, where voting is compulsory, and in Germany, where it is widely regarded as a civic duty. It is supposed to be compulsory in Italy, but there are no sanctions for not voting, and many Italians may have bad enough after their national elections on June 3 and 4.

On the other hand, some EEC citizens will have no vote at all, while others may end up voting twice. Both Britain and Ireland have disenfranchised almost all their citizens living abroad, though the UK will allow resident Irish nationals to vote for British candidates. Ireland and the Netherlands have extended similar privileges to nationals of other EEC countries living on their territory.

In view of all these differences, next month's voting is likely to take place more as a series of simultaneous national elections than as a single Community-wide poll. Some effort may be made to harmonise procedures before the next election, scheduled for 1984, but before then, it will be up to the more European-minded members of the new Parliament to show that they have been elected as much to represent a broader Community interest as to defend those of their country or region.

MEN AND MATTERS

Annan feels gazumped

"No responsible committee could act in this way. We are desperately boping this is something the officers have done because they thought they were supposed to." This was the politer part of yesterday's reaction by Doctor David Ingram, principal of Chelsea College, to his treatment by the Greater London Council.

At issue is the former College of Saint John and Saint Mark, a 17th century building opposite Cbelsea football ground. This was bought by the GLC about five years ago, wben the ringway scheme was still in circulation. It is now empty, and after lengthy negotiations, the Central Area Planning Committee finally agreed last week to aell it to London University as a new home for Chelsea College. The price agreed was £1.8m.

The GLC put out a Press release, and the GLC chairman, Robert Vigars, wrote to Ingram saying: "The appropriate action is now being taken. I am sure that this is a great relief to you and Lord Annan. I am pleased it all seems to be satisfactorily settled."

As a result of the publicity, bowever, new and higher bids were receoved—I understand from a property development firm called Romulus, and from BUPA. The committee now proposes to consider these tomorrow.

"If they bad got on the phone and told the others they had received a £1.8m offer, that would have been all right. All's fair in love and war," protests Lord Annan, Vice-Chancellor of London University. "What's not all right is to accept something publicly and then go back on it. It's a dishonourable action."

The GLC naturally does not see it like that.

"I'm not going to comment on the way in which Chelsea College interpreted a friendly early indication of the decision of the committee," says William Plunkett, GLC Valuer and Estates Surveyor. "It was not a decision which was acted upon."

"It must be a kind of wallflower"

In tones which may sound familiar to many a householder, the GLC Press department says blandly: "The offer was subject to contract from the word go."

Annan is particularly huffy because be and Ingram bad just disentangled several miles of red tape in order to buy the so-called Marjohn site. "I was at it all winter," he says glumly.

Movable feast

The former Bishop of Cracow, Pope John Paul II, has reached a curious compromise with the Polish authorities over *his* trip bome next month. His original intention to turn up for the feast of Saint Stanislaus—which is normally beld on or near May 8—was regarded *as* a deliberate provocation. Stanislaus' death at tbe banuds of King Boleslaw the Bold is always an opportunity for the Polish church to proclaim its dnty to defend itself and society against the incursions of the State.

This year marks the 900th anniversary of Stanislaus' martyrdom. Tbat fsct augmeoted official nervousness, especially when the Pope wrote to bis old diocese describing the murdered saint—also in bis time a Bishop of Cracow—as an early defender of buman rights.

The Polisb Government made it clear it would like to see Pope John Paul II some other time. At tbe end of long and hard negotiations it was agreed that be would come a month later, but tbat the commemoration ceremonies would also be shifted a month. In return, there is an unspoken agreement that the Churcb will not dwell too mucb on human rights; instead, it will concentrate on tbe idea that fighting abortion and alcoholism would be Stanislaus' priorities if be were alive today.

Delayed action

Like the voters, the main parties are still feeling uncertain about the Euro-elections. The national executive committee of the Labour Party meets today to settle tbe details of the party's campaign—a delicate business with so many members bostile to the Common Market. There wil lbe an opening press conference on Thursday.

But wbatever line Labour takes, there will be no national advertising, either in the newspapers or on bilboards. National leaflets will be printed, and if some money is left over (in other words, if the constituencies do not order many) it may be used for regional press advertising. "Money is very tigbt," I was told at Transport House.

On the other side of Smith Square, the Tory publicity director, Gordon Reece, explained the awkwardness of June 10 for billboard advertising: "We sbould bave to pay for two months, so that's out. May 3 was much more convenient." Although Mrs. Thatcber has said the campaign nationally will be limited to handbills, Reece binted that "options are being kept open" about national newspaper advertising.

If the Tories do buy some last-minute space, Saatchi and Saatchi will be called in again. They are already working on the one TV "party political," going out on June 5. Labour bas its screen-time on the previous *night*.

As for the Liberals, tbey totaly rule out any national campaign costing money. Their appeal will be limited to one day of TV and radio broadcasts.

Treading carefully

It was all bonbomie at the Press viewing of the USSR National Exhibition in London yesterday. The only discordant note I beard was at the Lada car atand. A Turkish photographer, examining a Jeep-type vehicle, said londly: "Look—Goodyear tyres." Although Sir Robert Mark might have approved, a nearby official plainly felt bis patriotism was wounded.

We moved on, making a circuit of the exhibition, and when we arrived back at the car stand, something remarkable had happened. With a dexterity worthy of s team in the pits at a Grand Prix race, the Lada representatives had changed the tyres to a suitably non-capitalist brand.

Bonds of love

"Say it with flowers" is one of the best-tried advertising slogans of all time, but a Belgian savings bank, SNCI, bas just improved on it. Sensitive to the fact that, wben all is said and done, flowers are not terribly useful to the modern girl, it is promoting the notion "Say it with a savings bond." It can only be a matter of time before British maidens are being wooed witb similarly pragmatic gifts—tax reserve certificates, perbaps.

Observer

FINANCIAL TIMES SURVEY

Wednesday May 23 1979

Switzerland

The Swiss economy has recovered from a steep rise in the franc last year, but in the long-term the exchange rate is likely to continue to appreciate because inflation is considered the worst enemy in a profoundly conservative country.

A haven of prosperity

By W. L. Luetkens

LIKE EVERYONE else the Swiss do have their problems, but at times everyone else must wish their problems were like those of the Swiss. Only the other day they had to decide what to do abont the food and drink ordered for a banquet to celebrate the foundation of the new Canton Jura bnt called off because of a political row. In the best Swiss tradition they decided to invite instead old-age pensioners and others among the deserving poor.

As will be aeen later it was more than a storm in a champagne glass. But foreigners may be forgiven for thinking that the episode was of limited gravity. If you tick the other areas that exercise the Swiss at this time—business, the forthcoming elections, Switzerland's international standing—you will quickly find that there, too, the problems look manageable.

Passed

In particular the economy appears to have passed an important turning point for the better. In the autumn of last year capital inflows boosted by evident speculation drove the Swiss franc to a trade-weighted appreciation of 90 per cent above the levels of 1974. Exporting industry and the hoteliers were groaning for belp.

It came from two qnarters. The Americans decided to fight for the dollar, which indirectly belped to tether the franc. And the Swiss National Bank decided to put the exchange rate ahead of its monetary targets and began to buy dollars. The treatment worked. When it changed its tactics the National Bank let it be known that it wanted an exchange rate for the Deutsche Mark appreciably above the 80 centimes then prevailing. The rate, which is crucial for the Swiss becauae of tbeir close trade relationship with Germany went above 90 centimes this year, and the National Bank has been able to sell some dollars.

The fact that it has done so is clear notice that it is not prepared to make a habit of the rapid monetary expansion that followed the change of tactics in tbe autumn. Inflation is still considered the main enemy, and to avoid it most Swiss are prepared to accept a gradual long-term rise in the exchange rate. The operative word is gradual: shocks like last year'a are not welcome.

As seen in Zurich, the National Bank, by squashing speculation on a rapid appreciation, has restored tbe ability of the market, through interest arbitrage, to disperse the funds that flow into the country. Switzerland, it is said, has again become a shunting yard for capital flows, not a terminus.

This readiness to let the market do its work also explains the somewhat paradoxical decision to end the ban on foreigners buying Swiss securities. It was taken in January and must have been greatly facilitated by the return of the franc from the stratosphere.

That return bas greatly incraesed confidence in exporting indnstry, which had plainly been sbaving prices, at least wben in expressed in francs, during 1978. For this year a modest increase of exports is foreseen above the SwFr 41.8bn (about £12bn at the present exchange rate) of 1978, which in turn compared witb SwFr 42.2bn in 1977. Imports are going to rise a good deal faster above the SwFr 42.3bn of last year.

Overall the federal authorities expect a modest real increase of GNP by 0.6 per cent compared with 0.8 per cent last year. But recent events may work for a slightly better result.

On the party political front the event or maybe the non-event of the year will be parliamentary elections in the autumn. As explained in detail elsewhere in this Survey the elections are unlikely to alter the system by which all but splinter parties are represented in the Government. Since 1959 it bas consisted of two Socialists and five representatives of bourgeois parties. Their parties may quarrel in Parliament, in the Press and in public, but the ministers, known as Federal Councillors, appear to get on with each other.

Real political battles are fought out by referendum. This year the Swiss bave had referendums, among other things, on reforming the taxation system and to decide under what conditions they are prepared to see new nuclear power stations built. A first proposal, which against the wishes of the Government would bave come close to a ban in all but name, was turned down. The Government then won with a much more moderate control system, but tax reform was defeated.

The Socialist Party broke ranks in both cases. It supported the anti-nuclear proposal, but nobody expected the coalition by consent to break apart because of that. In a curious sort of way the referendum can act as a kind of lightning conductor in a country where consensus is a way of life and which has been spared both world wars and the industrial and social tensions prevalent elsewhere.

It looks very probable that the electorate will eventually throw out a proposal that the Socialists want to put to the people for severely curtailing bank secrecy as practised by the Swiss. At the moment they are collecting the 100,000 signatures required to demand a referendum.

The Socialists argue that bank secrecy provides a cover to break foreign rules of exchange control and to evade both Swiss and foreign taxes—and so it does. They also say that by encouraging capital inflows it has driven the franc needlessly high at the expense of exporters and their workers. A balance should be restored between Switzerland as workshop and Switzerland as money shop. Neither case appears to have made much impact as yet: probably fewer than one Swiss in five now supports the proposal. Even for the little man, bank secrecy has probably become part of the way of life. The morality of the matter is touched upon the article of this Survey dealing with the banks. It probably causes few people sleepless nights in Switzerland itself. What has embarrassed them is the realisation that business crime is not nnknown. The Valais bas just seen a trial ending with the conviction of officials and building contractors for double invoicing and similar unsavoury practices.

On a grander scale, memories are still fresh of the Credit Suissse fiasco, when officials at the Chiasso branch, flusb with hot mooey from Italy, engaged in activities on the side tbat have cost the bank SwFr 1.35bn so far in provisions and write-offs. The fact that Credit Suisse still looks as solid as a rock is a bittersweet comment on the affair.

What is undeniable is that the generally liberal Swiss ways do open backdoors for the less scrupulous. Dr. Niklas Schmid, a Zurich judge, has estimated that in Znrich and the wider surroundings there is a group of 50-70 people who make their living dealing in dubious securities or stolen luxury cars. They are usually kept apart from more orthodox business, bnt Dr. Schmidt said in a lecture that three banks had been ruined in recent years by people of that ilk who bad found their way into commanding positions. Another three collapsed because of business connections with this sort of person.

For the bistory books the event of the year has probably been the foundation at the beginning of January of the new canton, consisting of the northern section of the Frencb-speaking Jura. It had been part of Berne since the Congress of Vienna. A long agitation for separation, including a few relatively barmless bomb outrages, finally succeeded last year when the Swiss electorate agreed to accept the northern Jura as a new Canton.

But wbat sbould bave been a triumpb for tolerance and democracy somebow went a bit wrong. The Rassemhlement jurassien, the separatist group, never reconciled itself to the southern Jura remaining with Berne, although it had voted to do so.

The Rassemblement, or at any rate its more radical members, including the leader, M. Roland Beguelin, argued that since the Jura as a wbole (though not the South) bad voted for separation, the new Canton should embrace the wbole area. Accusations of manipulation and of lying began to fly. The Government of the new canton, wbich probably did not really sbare M. Beguelin's views, decided that discretion was the better part of valour. To avoid discordant demonstrations it cancelled the banquet fixed for May 11.

With the separation of the North, which did want to be rid of Berne, the separatist cause has lost mucb of its base. If the original agitation did not unduly strain the Swiss fabric it seems improbable that there is mucb more to come than an epilogue. But a multilingual country like Switzerland can ill-afford anything that looks like tension between its German speakers and those brought up in French or Italian.

As regards the other ethnic problem in Switzerland, that of the migrant labourers and their families, it has lost mncb of its acuteness. Some 900,000 foreigners remain in tbe country in a population of 6.3m, and 70 per cent of them bave equality of rigbts with the Swiss except for the vote and for military service. A revised constitution now under discussion makes a gesture towards them. Wbere tbe current text promises equality before the law to all Swiss, the draft ptomises it to everybody. That may not compensate the foreigners entirely for tbe reluctance of many Swiss girls to go out with tbem, but it would be quite unfair to suggest that they are hadly treated. Most of them would be a good deal worse off at home.

On the international plane, Switzerland has taken a tiny atep towards entering the United Nations. The Foreign Ministry is to prepare proposals that will eventually have to be submitted to a referendum. The Swiss will have to move a long way from their traditional attitudes for the proposal to find favour with the people.

Mastered

Can the idyll last? Only if the economy remains strong. Last year's escapade of the franc has been mastered, but if it were to be repeated frequently it would do much barm. As heavy importers of energy tbe Swiss may find the world getting a bit chilly, although even that is debatable. OECD statistics show their use of energy to be remarkably efficient, and the effects of the rise of energy prices are cusbioned because the Swiss import much of their energy indirectly, not in crude form. For instance, they buy rolled steel rather than iron ore and coke, plastics rather than petrochemical feedstocks.

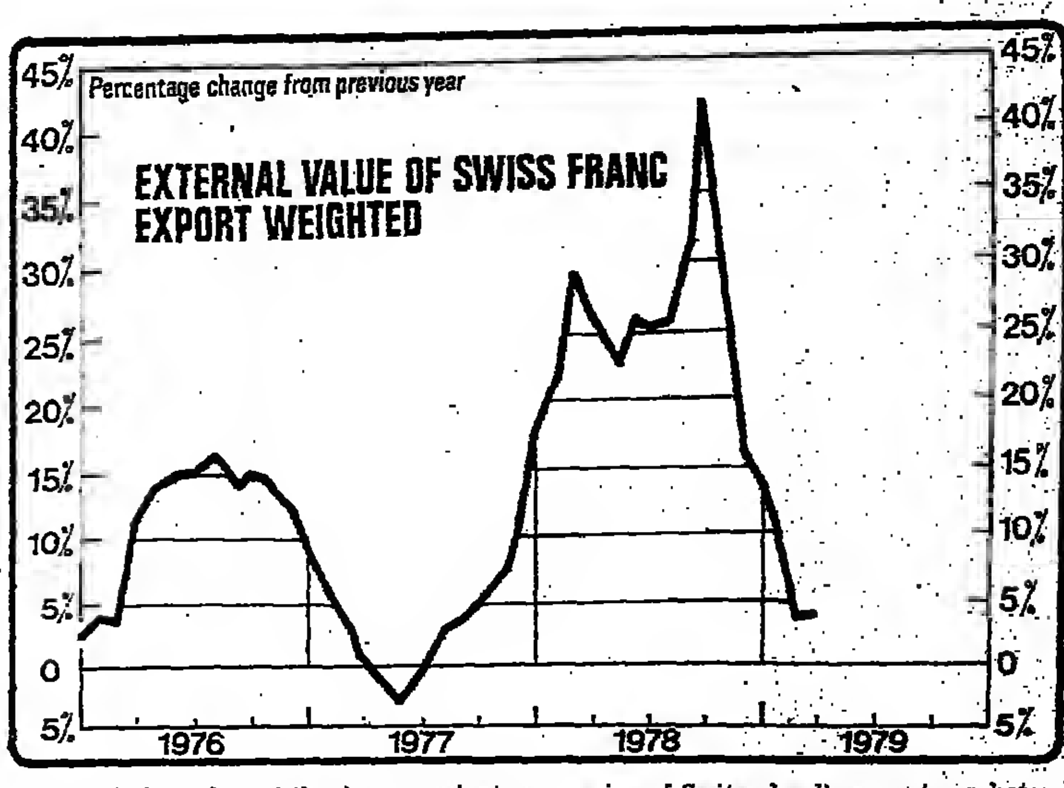
Tbere are indications that the banks may have come to the end of the period of bectic expansion and that the tertiary sector may no longer be able to absorb labour that industry does not need. On the other band there is a possibility that higher oil prices might be indirectly reflected in increased remittances of capital into Switzerland. Clearly the argument about worksbop and money shop bas many pitfalls.

Economy copes well

SWISS INDUSTRY has quickly recovered from the near-panic of last autumn when the Swiss franc rose by almost unprecedented amounts. At the end of September the export-weighted index of the exchange rate (1974 = 100) had climbed to 190. Worse, the *real exchange* rate, adjusted for prices changes, with the D-Mark had risen by 36 per cent above its level of 1974 and DM1 was worth less than 80 Swiss centimes.

By now the D-Mark is once again above 90 centimes, and the trade-weighted index of the exchange rate has fallen back to around 160. Swiss exporters will tell you that is bad enough. But it is a measure of the confidence that they and the authorities feel in the underlying strength of the economy and its exporters that there is general agreement that present levels are acceptable—that exporting industry at large can live with them. That is not to say that individual sectors, and above all *individual companies, are not* profoundly worried.

But the fact remains that in a recent sample poll taken among industrial enterprises, the Union Bank of Switzerland found that in the first quarter of 1979, 36 per cent had booked export orders larger than those of January-March *1979 and* 28 per cent reported orders matching them. Looking forward to the second quarter, 34 per cent expected higher orders than in April-June 1978, and 20 per cent expected orders equal to last year's. A point to bear in mind is that the first half of last year was not bad at all—the exchange rate got out of hand only in the third quarter.



In 1978 the value of the franc against currencies of Switzerland's export markets at one moment rose almost 45 per cent above the value of a year before

BASIC STATISTICS

Area	16,000 sq miles	Imports from UK	£1.42bn
Population	6.3m	Exports to UK	£1.32bn
GNP (1977)	SwFr151.7bn	Trade (1978)	
Currency=franc	£1=SwFr3.515	Imports	SwFr42.8bn
Trade (1977)		Exports	SwFr41.8bn
Imports	SwFr43.0bn	Imports from U.K.	£1.91bn
Exports	SwFr42.2bn	Exports to UK	£2.16bn

Overshot

What, then, has transformed the situation since the autumn? With hindsight it can be said that the exchange rate, as happens so often, had overshot. Had that not happened, no amount of official tinkering could have worked as quickly and as effectively as did the measures taken. That said, it is widely agreed in Switzerland that the National Bank played its cards well. At a time when President Carter was making it clear that benign neglect of the dollar exchange rate was a thing of the past, the Swiss did very much the same thing. They said they would fight to tether the franc.

The National Bank dispensed with a published monetary target and instead announced that it wanted a D-Mark exchange rate appreciably above 80 centimes. The D-Mark rate is the crucial one, because Germany is the main competitor of the Swiss in world markets, and because they buy about 29 per cent of their imports in Germany and sell about 19 per cent of their exports there.

To achieve its goal the central bank ceased to give overriding priority to combatting inflation—usually the greatest bugbear of official and unofficial Switzerland—and switched its attention to keeping down the exchange rate. To do so it bought dollars.

It would be wrong to assume that it was a switch for all time. The authorities *still* regard inflation as Public Enemy No. 1 and will fight to preserve a record which includes an increase of the Consumer Price Index by no more than 3 per cent in the 18 months to March 1979.

In fact the central bank has already switched its tactics. Dr. Fritz Leutwiler, the Governor, addressing his annual meeting on April 26, said that the bank had been able to sell dollars again. In the first three-and-a-half months of 1979 it had sold the equivalent of SwFr 5.8bn and made available the equivalent of SwFr 5.4bn for capital exports, or some U.S.$6.6bn in all.

Dr. Leutwiler explained that the bank wanted to avoid excessive movements of the exchange rate, which could prove to be reversible, and stated his policy as follows: "It is the intention of the National Bank in future increasingly to intervene in foreign exchange markets, and to *do* so in either *direction*, as called for by the market outlook." But he added that the second reason for selling dollars was the inflationary danger from the increased domestic liquidity caused by the dollar purchases.

Warning

There is a *view* to be heard in Zurich that the first warning signals can already be seen coming from the construction industry, which is recovering from a very bad patch and which could quickly reach the limits of its capacity because so many migrant labourers have left Switzerland. Inflationary expectations may also have had something to do with a hiccough in the capital markets: interest rates for domestic and foreign borrowers may have passed their lowest levels. But by international standards they are low. With the end of last year's steep rise of the franc interest arbitrage can once again help to steady the currency.

On the monetary side, because of National Bank purchases of dollars, money supply (M1) at one time was expanding by 20 per cent pa (as against a previous target of 5 per cent); but that phase is over, and the monetary base has once again been reduced. Longer term considerations may alter that picture. The National Bank is *trying to establish whether* its previous targets were actually too low, because of the increasing practice of foreign states and of multinational companies to hold francs. That could explain last year's events, and *might call for more rapid* monetary growth.

More immediately the Swiss decision to keep the franc in a fairly firm relationship with the D-Mark and hence with the European Monetary System, poses a problem of *differential* inflation rates. In the four years from 1974 to 1978 the German Consumer Prices Index went up by 18 per cent, the Swiss index by only 11 per cent. In the long run therefore, unless the Swiss are prepared to match German inflation rates, pressure will remain to revalue the franc. The likelihood is that the authorities will give in to it, but that they will try to do so gently, avoiding a repetition of last year's painful jerks. Even the representatives of exporting industry feel that they can cope with a gentle process, difficult though it will be.

How will they cope—indeed how have they coped so far? For a start there has been a real reduction of productive potential as the result of measures reducing the number of *migrant workers. In* 1970 more than 1m of the Swiss population of 6.2m were foreigners; in mid-1978 their number was down to 917,000 (of whom 70 per cent were given equal rights with citizens except that they have no vote and are exempted from military service). That reduction, however, has had its compensations. The metals and mechanical industries in the early 1970s had fluctuation rates as high as 25-30 per cent; last year only 17 per cent of the workers changed jobs. The gain to productivity and the reduction of costs is evident.

Swiss labour is of course world renowned for its docility or loyalty—depending on viewpoint. The engineering industry last year, for instance, renewed the no-strike agreement in force since before the second world war. It is part of that agreement that works councils representing the men *shall* be kept informed about business prospects, and *sources in* the *industry* say that that has helped to induce the extra effort required to compensate for the exchange rate.

But the real effort has been one of management. Swiss industrial capacity has been devoted to ever more specialised products with higher and higher added value. The Swiss multinationals have transferred older products to their foreign affiliates. So has the electrical industry. Research expenditure equivalent to 2.5 per cent of GNP, four-fifths of it in the private sector, shows what is being done.

Those industries which were unable to take the road *to* higher value, or which only have limited scope for *doing so*, have suffered. The watch industry is in trouble, though symptomatically makers of the really expensive watches, which are jewellery as much as timepieces, are doing well. The shoe industry has at times struggled, as have textiles and clothing, and the tourist trade is only just holding its own.

Increased

Staffs have been run down. The chemical industry employed 66,500 people in 1974; last year it was *down to 61,500 though* output had been increased. The metals and mechanical engineering industry, with output reduced, was down to 317,000 from 362,000. Yet unemployment remains negligible, partly because foreigners have left, partly because a large number of married women have stopped looking for work. The hardship is limited: many of them were only flushed out of their homes by the boom of the late 1960s and early 1970s.

Official help to exporters has been modest, if one excludes the management of the exchange rate. It has concentrated on providing the smaller entrepreneurs and the newcomer to export markets with help to attend fairs and otherwise publicise his products abroad. It also includes a relatively small programme to help the development of computer software. Export credit guarantees exist, but are not highly developed. The main innovation has been to provide, through the National Bank, an options system *calculated* to underpin the forward currency operations undertaken by exporters and tourist enterprises (but not by financial enterprises) to safeguard themselves against exchange rate losses.

An industrialist who, for argument's sake, expects to earn $1m over a *given* period can sell that amount forward to a commercial bank and take up an option with the National Bank to buy up to 40 per cent of the amount at the same exchange rate. If he then only takes in, say, $700,000 he can get the balance from the *National Bank* to meet his forward obligation. The system has come off to a slow start, partly because exporters are afraid of the fee (which can go up to 9 per cent for 24 months), but mainly because the franc has come down from its high perch.

Lest it all sound too idyllic it is worth looking at two figures from the metals and mechanical engineering industry. Its exports last year came to SwFr 18.6bn, an increase by value in Swiss currency of 0.7 per cent. The increase by weight over 1977 was 7.3 per cent. Even allowing for the trend towards higher added value, *the* discrepancy shows that quite a lot of profit must have been foregone. And although Swiss industry by and large tends to work on high margins, many export orders must have been taken that yielded no profit at all.

W. L. Luetkens

The hollow sounds of politics

THE SWISS will be electing a new parliament this autumn and the noise of battle is already rising. Party programmes are being wheeled into position, and rhetorical and editorial salvoes are beginning to go off with a satisfying crump. But few people believe that there will be any real political casualties: above all the 20-year old system of government by the four main parties ia almost certain to survive.

The formula in force since 1959 is known as 2:2:2:1, whicb means that two ministers each are supplied by the Radical (or Liberal) Party, the Socialist Party and the Christian People's Party (Christian democratic), while one comes from the Swiss People's Party (peasants and small tradesmen). They have dominated the Swiss political scene since the rise of the Socialists at the end of the first world war. Shifts of electoral support bave been little more than marginal throughout all those years.

In the last elections to the lower bonse of parliament, the National Council, the Socialists for the first time became the largest party. They bave bopes of gaining a bit more this autumn, wbicb may belp to explain why they bave been particularly active of late. More than once they have disowned their own ministers on issues of central importance.

Police

The Government wanted a small federal police force of its own. The Socialists advised their members to vote against the idea when it was put to the popular vote in a referendum. It was defeated by an alliance between them and conservatives suspicious of all federal power.

The Government has been struggling for years to put through a tax reform placing federal revenues on a firmer and more permanent basis. The Soctalist Party advised its members to vote "no" in the referendum lost on May 20.

Early this year the voters were asked to pass on a proposal that would have made the construction of new nuclear power stations difficult to the point of impossibility. The Government advised rejection—the Socialists advised acceptance. The people said "no" by a relatively narrow margin.

The Government subsequently won through with a proposal meeting the anti-nuclear lobby part of the way. The Socialists approved. But when they first broke government ranks, their minister responsible, Herr Willy Ritschard, differed. He explained that a minister would always listen sympathetically to the legislators in his party: but ministers could not publicly put forwerd views calculated to show the Government to be divided, and anyway he thought he had been right.

Herr Ritschard can afford to take thet view since ministers, known in Switzerland as Federal Councillors, are elected by each newly constituted parliament for tbe duration of its life. Even more remarkable, once in office, they are almost invariably confirmad after tha oext election. Folklore in Berne has it thet since 1848 only one Federal Councillor who presented himself for re-election oy a new parliament failed to get in. But some must have cnown hetter than to risk it.

The composition of the Parliament bas something to do vith this. Tbe middle aged, the self employed, and those with academic degrees are heavily epresented in both bouses. But bat alone does not explain the taid nature of Swiss politics.

The other element is direct emocracy, the practiee of consulting the electorate direct by eferendum or plebiscite. Any aw that impinges upon the onstitution must be submitted o a referendum. If Parbament asses a law, whatever its conents, if 50,000 elactors will ign a petition it, too, must be ubmitted to referendum. ioally if 100,000 electors will ign a necessary petition for a popular initiative" they can irce a referendum on a conititutional amendment of their hoice. Thus, for instance, the ocialists are sponsoring an nendment that would modify ne rules governing bank ecrecy. Anyone can try his ick: popular initiatives ranging from the anti-nuclear proosals of earlier this year to ere trivia bave been sponored by pressure groups, nainstores owners and agazines.

It makes Switzerland sound the very stamping ground of single issue politics. In practice it is not because the voters usually say "no." Of 100 initiatives launched up to 1974 only eight were approved by tha voters. The reason is the understandable conservatism of a well-off people, enhenced by the would-be innovators' usual lack of money, and voting (or rather non-voting) petterns in Switzerland.

Except in federal parliamentary elections the turnout usually is low. One might expect that to give single issue campaigners their chance. In practice it does not, because it is precisely the workers, the young (and, incidentally, women) who stay away from the polls. It is a aubject that bas led many Swiss to worry about a possible malaise in their society.

No doubt it exists, hut, even more Important, many voters ara plainly content with the existing state of affairs. Moreover they heve tired of the constant voting. Since not only federal politics are condncted by referendum, but the cantons and communes do the same, beavy envelopes regularly drop through letter boxes inviting voters to make up their minds on up to 15 or 18 issues. In one Zurich suburb the other day, they hed to decide whether or not a particular street sbould be given a pavement.

Thought has been given to reducing the flood of referenrums, but it is of note that the institution would be retained in a somewbat more elegant form if a draft constitution prepared by an expert commission is ever adopted by the nation. There are two reasons for this: in the first place Swiss voters are hardly likely to support a reduction of their rights—even if they do not always exercise them. Bnt, perhaps even more important, direct democracy bas been seen as a means to preserve consensus politics.

If the fundamental Issues have to be submitted to the people anyway, tben Herr Ritschard can go on working with Federal Councillors of another colour, and the Government can get oo with the business of running the country. Despite certain obvious and well-publicised deficiencies, it would he hard to pretend that they are running it badly.

There are Socialists who, nevertheless, would want to try their luck in opposition. It would be a long struggle to break out of a firmly established minority position.

These militants can expect little if any support from the trade unions, which, desplte certain differences between the individual unions, are also committed to consensus rather than confrontation. The metal and engioeering uolon only recently renewed its no-strike agreement first concluded before the Second War. Tbough tbe Swiss, like the British, had a general strike after World War One, those days are long forgotten, and the no-strike agreement has set the pattern for industrial relations generally.

Caution

The extreme caution of the unions can be seen from the fact that the working week in the engineering industry has only just been cnt from 44 to 43 hours. A further reduction to 42 hours is foreseen in 1981—and that in one of the wealthiest countries in the world.

Waga increases have done little more than to keep pace with the internal inflation rate. Wages rose by 12 per cent between 1974 and 1977, while the Consumer Price Index went up by 10 per cent. This moderation was sbown at a time when onemployment was, es usual, almost invisible, although admittedly about one in ten jobs were lost mainly through the running down of the number of migrant workers.

Though the evidence is not entirely clesr, union moderation does seem to be epproved in large measure by the rank and file. A poll conducted by Swiss TV around the turn of the yeer sbowed that, although 45 per cent of those asked would have welcomed more militancy, only 16 per cent were prepared to strike in case of need. By the standards of Switzerland, wbere strikes are all but unknown, that is a aurprisingly (and parhaps suspect) high figure.

The atructure of Swiss industry is a great factor making for labour peace. Small and medium sized enterprises are prevalent: emphatically paternalism is not a dirty word under sucb conditions.

Even in the larger enterprises of the engineering industry the no-strike agreement explicitly calls for a commission representative of the labour force of each plant to be briefed by management. This briefing probably does not go very far, but it does keep open channels of communication.

Whet the employers will not wear is participation on the German model. A proposal to bring it in by referendum failed a few yeers ago mainly because the assenting vote was split between a more and a less far-reaching motion.

Overall, then, in spite of the cries coming from the electoral battlefield, the Swiss system of consent, compromise and moderation looks well established. Indeed, there are signs that in the atmosphere of the late-1970s it may be gathering strength. The so-called xenopbobe parties originally founded to send home the migrant workers are failing, partly because so many foreigners have gone. And a few groups of the Left, by all the evidence available, are condemned to remain splinter groups.

W.L.L.

Zurich in May: getting ready for a round of referendums. "Yes," say the posters — yes to the revised law governing nuclear power, yes to a proposal to turn a historic building into a place for quiet meetings, and yes to federal proposals for tax reform. Only experience shows that the voters can have a nasty way of saying "no."

Energy Minister, Herr Willi Ritschard

SWITZERLAND IV

The case for the UN

SWITZERLAND IS the only state remaining in the world outside the UN not because it could not but because it would not join. That assertion can be found in a Swiss Government pnhlication issued more than 30 years after the Foreign Ministry in Berne, in 1945, had first examined the question of membership.

The result then was that membership would be desirable—but incompatible with Swiss nentrality. Since those days the Swiss authorities have changed their minds—but public opinion almost certainly has not. Occasional straw polls show minorities of at best around 45 per cent in favour of joining.

Since the Berne Government cannot join unless it gets majority support in a referendum, that might be that. But aince the *case for applying* is considered to be strong among the experts and among the leaderships of all four government parties, a cautious process of examination and of education has been in progress for several years.

It is difficult to tell precisely bow successful it bas been. The polls seem to indicate a slight trend in favour of the UN, but that may be dne as much to world events as to a change of heart in Switzerland. In particular the Israeli-Egyptian peace may have belped. Swiss opinion has been profoundly pro-Israel and extremely critical of the Palestinians, whose appearances in the General Assembly have not heen popular. Altogether, the Swiss, who live in a world of firmly hourgeois values beavily tinged with concepts of 19th century stability, have tended to look askance upon the General Assembly, dominated as it is hy a to them undisciplined Third World.

The case for joining bas been succinctly put by Herr Fritz Honneger, who is responsible for economic policy in the Swiss Government. Decisions of economic importance, be bas aaid, are increasingly being taken in the political arena. Switzerland, with extremely close worldwide economic links, must not stand aloof from the discussion of matters that directly affect its interests.

On those grounds the Government, at tbe request of both Housea of Parliameot, has iostructed the Foreign Ministry (known in Berne as the Federal Political Department) to prepare a proposal for joining. This will take a year or so, and another year will pass hefore a referendum is likely. So it migbt be held in 1981 or 1982. (Since it will be an election year 1983 looks improhahle.) But will the vote really be held then? A defeat would be politically embarrassing, though there are those in Berne wbo say the risk will have to he taken. Some other overdue *Swiss reforms* (sucb as the introduction of womeo's suffrage in federal elections) have also required more than one go.

At its simplest, but maybe also its most effective, the case against joining is put by Herr Otto Fischer, director of an extremely influential association of small industrialists and lradesmen, and a Member of Parliament. Switzerland, he declares, has no need of an active foreign policy. Moreover, it bas been committed since 1815 to permanent nentrality and a policy of non-interference and non-partisanship. Are the Swiss UN delegates going to abstain on every vote, he asks rhetorically.

Herr Fischer claims, with only a little politician's licence, to have defeated almost single-handed a referendum for a reform of the tax system in 1977. So be is a man to be feared. But does his argument about neutrality hold up? The Foreign *Ministry says "no." It argues* tbat not only Switzerland but the UN bas travelled a long way since 1945 when, indeed, it was the successor to the winning alliance ln a war from which the Swiss had abstained.

The idea of military sanctions to ensure collective security (Chapter VII of the Charter) bas in practice remained a dead letter. Instead there is the concept of peace keeping, and the official case in Berne is that neutrality would not prevent the Swiss from taking part in peace keeping operations. The neutral Austrians, for instance, have a contingent among the UN Blue Helmets in Cyprus.

Economic sanctions would not pose insuperable ohstacles in the official view. Austria joined in sanctions against Rhodesia bnt made a reservation safeguarding its neutral status. Switzerland itself, so the argument goes in Berne, had to take certain *unilateral* measures to stop itself hecoming a loophole in the somewhat permeahle system of sanctions erected against Rhodesian trade.

In any case the Swiss do not stand entirely aloof from international organisations, whether of the UN or not. They belong to the Council of Europe, played a small but active part in the Conference for European Cooperation and Security, they have full membership in what is left of the European Free Trade Association (EFTA), and a trade agreement (though without political overtones) with the European Economic Community.

They belong to a number of *UN organs* and *specialised* agencies and bave made financial contributions to others and to peace-keeping. In Palestine they supplied an aircraft with crew. Oddly enough they do not helong to the World Bank or the International Monetary Fund.

Swiss membership *in* Unctad (United Nations Conference on Trade and Development) shows that even in Switzerland government convictions can prevail against popular beliefs. There is no doubt that aid and economic concessions to the developing world are no more popular among the Swiss than elsewhere. Yet the Swiss do belong to Uoctad

But before setting out for the latest Unctad meeting this month, the leader of the Swiss delegation had to confess that Switzerland was going to be in trouble for its low aid effort. Government aid is expected to rise from the equivalent of 0.19 per cent of GNP to 0.25 per cent by 1981. The developing countries are pressing for 0.7 per cent.

He also referred to another problem for the Swiss. They are great exporters of technical knowhow and licences. As the leader of the delegation put it, "that is our raw material—our oil." So Switzerland looks askance upon *proposals for a* wholesale technological transfer to developing countries.

Storm

On a more political level, Swiss relations with the Third World caused a political storm in Berne in January when Mr. *Pierre Aubert*, the Foreign Minister, made a tour of five African states. M. Aubert feels that Swiss foreign policy should be made more dynamic and should keep up with the problems of the contemporary world. But even some of his friends were unhappy about a joint communique which he signed in Lagos because it *appeared to* single out apartheid alone in a condemnation of violations of human rights.

A stir was also caused when Israel, in April, complained about the possihility that a representative of the PLO might be received for *official* meetings in Berne. The Swiss reacted testily, but it is likely to be some time yet before such a meeting *actually* takes place.

Somehow the episode adds poignancy to a remark that you can hear in official circles in Berne that as long as Switzerland stays outside the world organisation, its representative at tbe UN will have a status much like that of the PLO's man.

W.L.L.

SWITZERLAND AND U.N. ACTIVITIES

Activity*	Swiss status†	Contribution 1977, SwFr
International Court	M	50,457
Unctad	M	431,486
Relief & Works for Palestine Refugees	C	6,267,000
Children's Fund	M	11,474,000
High Commission for Refugees	M	2,125,000
World Food Programme	C	7,500,000
Development Programme	M	22,968,400
Environment Programme	C	1,000,000
Industrial Development Organisation	M	468,140
Economic Committee for Europe	M	291,831
GATT	M	662,200
International Labour Office	M	1,586,766
Food and Agriculture Organisation	M	1,889,373
Uoesco	M	2,948,640
Membership in neutral nations' commission, Korea...		503,959
Contributions peace keeping, Cyprus		850,000
Aircraft for truce surveillance, Palestine		1,413,341

* Selection only. † M=member, C=contributor.
Source: Swiss Policy Department.

Price problems for machine builders

THE METALS and machine-building industry is by far the most important single sector of Switzerland's manufacturing economy. Last year almost a half of the total Swiss industrial labour force worked ln this product group, excluding the watch-making sector, and the same undertakings accounted for only a slightly smaller sbare of the country's entire exports. The welfare of the nation is very much tied up with the welfare of the engineering works.

Impressive as this may be, Swiss machine-builders—as the annual reports of leading companies are proving again and again—bave heen going through a very difficult period. Capital spending has been running at a relatively low level on world markets, witb a corresponding effect on wbat was already lively competition. At the same time, Switzerland was faced in the third qnarter of 1978 with a audden upswing in its currency, which raised the price of its products on foreign markets by no less than 20 per cent in the course of only two mooths; for the 12-month period eoded last September, prices rose on an export-weighted basis by as much as 35.4 per cent or by 28 per cent in real terms after allowing for inflation.

The big headache has therefore been one of prices, since the days bave passed — at least for most lines of machinery and apparatus — in which Swiss quality sold itself at any price. An idea of the development of prices is given by figures for calendar 1978, which show that foreign sales of the machine-building and metals industries went up in tonnage by 7 per cent, but in terms of value by only 1 per cent, albeit to the considerable level of SwFr 18.62bn (oearly $11hn at today's exchange rates). In comparison, exports for the previous year had expanded by 12 per cent in weight and 11 per cent — thus, at almost the aame rate — in Swiss francs. More and more, Swiss manufacturers have been accepting orders at unfavourable prices in order to keep up production and market shares; profitability has fallen accordingly.

Even these concessions have not been enough to bring about mucb growth. Thanks to a sndden spurt of activity in the final quarter, machinery production rose in volume by 6 per cent in 1978 over the previous year, but the value of new orders appears to have been below that for 1977 aod very far below the 1974 record. Work on band at the end of the year was eqnal to not mucb more than the seven months' outpnt regarded by the industry as a critical point; in comparison, the backlog touched and passed the 10-month mark during boom year 1974. Some hranches of machine-building, especially textile machinery, have long heen at or below throughput time with tbeir order-book totals.

This year has brought a rather happier note into the industry, not least in view of the substantial decline of the Swiss franc exchange rate from its September, 1978, all-time peak. There are also signs of new and replacement demand on the international market, from whicb textile machinery, machine tools and some other sectors stand to gain. The main thrust of Swiss machine exports is to developed countries—something like two-thirds of sales alone go to European markets—so improved mannfacturing activity in the industrialised world bas an immediate effect on orders. This, of course, does not bave an immediate effect on actual output, dne to the long delivery dates involved; a recent Union Bank of Switzerland survey forecasts a certain decline in production for the first half of 1979 owing to the poor level of orders received in the latter part of last year and to tbe substantial volume of stockpile output.

Risen

Nevertbeless, exports of the Swiss macbine-building and metals product group have risen by 5.4 per cent in the first quarter—to SwFr 4.5bn—over the corresponding period of 1978. This is perhaps not quite as positive as it looks though, since mucb of the increase was due to deliveries of iron and steel products to Federal Germany in connection with the steelworkers' strike there.

Furthermore, the price situation remains unsatisfactory. The 5.4 per cent value growth compares with one of no less than 40 per cent in volume. After deducting the iron and steel products sector, the 11 per cent rise in tonnage is still higher than that in export value. However, some individual product aegments — such as electrical machines and apparatus, or optical equipment — have reversed this trend.

While Switzerland's own investment activity bas for some time been definitely sluggish — capital expenditure on equipment is seen as growing by only 1.5 per cent in real terms this year after a corresponding 1 per cent increase for 1978—the country, with its high degree of industrialisation, has remained an excellent importer of metals and machinery. Last year, purchases of this kind reacbed a new record level of SwFr 16.25bn, thus passing the previous peak attained in the halcyon days of 1974. They are still on the increase, having risen during the first three months of this year by 6 per cent in value—to SwFr 4.2bn—and 8 per cent in volume.

As welcome as this ia to foreign suppliers, it stops Swiss mannfacturers from compensating for lost uneconomic foreign sales by deliveries to the domestic market. The exchange-rate aituation was responsible for a fall of 8.6 per cent in the average price of imported machinery last year, so Swiss customers themselves, having to deal with narrower profit margins have been finding it very difficult to "Buy Swiss."

In general, monetary conditions have led to a reduction in the share of Swiss-franc billings in the overall business of Switzerland's machine-building concerns. Tbe Government's export risk guarantee scbeme has helped companies to work with foreign currencies in direct export operations, although it bas not been able to make up for low prices or cancelled orders, of course. Slowly hut surely, larger undertakings are in the process of expanding their foreign prodnction bases or at least their licensing business as a way of offsetting some of the disadvantages of selling ont of Switzerland. There have been only a few instances, however, of Swiss groups actually relocating some of their capacity abroad.

John Wicks
Zurich Correspondent

Borrowers return to the bond market

Trading in progress at the Zurich stock exchange

FOREIGN BORROWERS are now returning to the Swiss bond market after a break in new issues. Conditions have changed a great deal since February, though, when Governments and private companies were able to raise Swiss francs at less than 4 per cent. What seemed to be starting as a bonanza year for aliens on the Swiss capital market proved too much of a good thing after only a few weeks of the new year.

In 1978 foreign borrowings had reached an absolute record of some SwFr 22bn, or some $12.95bn at today's exchange rates. Of this total, bank credits accounted for SwFr 8.5bn, medium-term private placements SwFr 9bn and Swiss-franc bond issues SwFr 4.43bn. As the Swiss Government recently said frankly with regard to the bonds, this increase was "quite remarkable" in view of the rise in the exchange rate and with it the cost of redemption.

This year looked like proving even more expansive. The Swiss National Bank, which for the whole of 1978 had done without a ceiling for medium-term notes and bank loans to foreigners and which dispensed early in the year with the bi-monthly issue limit for long-term bond issues, scrapped remaining restrictions on the sale of Swiss-franc securities to non-residents. From the start of 1979 until the end of March foreign borrowings worth a grand sum of nearly SwFr 11bn were approved by the authorities.

Threatened

Then business threatened to get out of hand. By mid-March the National Bank had urged "a little caution" with such large single bond issues as the SwFr 300m Canadian bond tranche and that of SwFr 250m by the Australians — both of which were offered at 3¾ per cent — and called for prior notification of issues of this rise. As bank vice-president Professor Leo Schürmann explained at the time, measures were necessary to stop an excessive "internationalisation" of the Swiss franc.

At the same time, subscribers were no longer particularly attracted by the low interest rates offered on domestic and foreign bonds. Interest on other investments and inflation had begun to rise, while at the same time the Swiss franc looked less likely to yield exchange-rate gains. The central bank, itself promoting balanced capital market conditions by intervention purchases of bonds, was very much aware of under-subscriptions for new issues and a listless secondary market. It decided in late March to "reduce the rhythm" of Swiss banks' foreign lendings, at which the big banks introduced a short pause in the issue of new bonds.

The capital market opened again to foreign borrowers — contrary to expectations — after Easter. Money is nothing like as cheap as before the cooling-down period, however, and there will for some time to come be no more single issues in excess of SwFr 100m. Since the under-subscription of the 4 per center of Austria's Pfandbriefstelle, rates have been rising. Early this month the SNCF offered 4¼ per cent on a 12-year issue of SwFr 100m, while mid-May coupons are higher again at 4½ per cent for a 10-year World Bank issue of the same amount and 4¾ per cent for a SwFr 90m VOEST issue, also with a 10-year maturity. Some observers feel the 5 per cent of a recent Lonrho issue will be more like the future standard.

In the meantime, some potential borrowers are preferring to wait. The Finnish Government, for example, has had a SwFr 80m issue it was intending to offer at 4¼ per cent dropped from the programme, while a bond-market offer by the City of Bonn—which would have been very much of a rarity for the Swiss—was replaced by a bank loan. There have also been some withdrawals of private placements.

Switzerland remains nevertheless an interesting source of capital for foreign authorities and private enterprise. Even the higher coupons still look very good when compared with the corresponding costs abroad. Also, there is less risk now that the interest margin will be more than offset by an upswing in the exchange rate—although this risk does still exist for long-term securities, of course.

The brake recently imposed by the National Bank on capital exports does by no means necessarily point to a new period of restriction in this sector. Switzerland is very interested in a substantial level of new foreign indebtedness, not least in view of the conversion funds available for any resumption which may be desirable in foreign-exchange market intervention.

Also, new borrowings are needed to balance the considerable value of redemptions. In fact, there are indications that these are now falling off to some extent. In the second quarter of this year, some 17 foreign bond issues worth a total of SwFr 775m will nonetheless be prematurely repaid; no figures are known for private-placement notes. The second half of 1979 should bring a further reduction, though the volume seems likely to remain high.

Even after the March setback, the year as a whole should see a considerable activity in new foreign borrowings. Certainly, domestic demand for funds is hardly likely to grow to any great extent, so both banks and institutional investors will be interested in keeping up the volume of capital exports, albeit not regardless of margins and/or maturity.

A return to the very low interest levels current at the beginning of the year seems unlikely for some time to come, not least with the acceleration of the Swiss inflation rate. However, nor is a marked upswing to well above the new levels probable in view of the National Bank's traditional low-interest policy. It is also reasonable to expect investors with high liquidity volumes to come back to the market in force as soon as rates return to something like an acceptable platform, particularly if the powers-that-be hold of over-large chunks of foreign bond offerings.

John Wicks

Textiles still confident

"EVEN IF the short-term outlook for the textile industry seems to be a very bleak one, the opportunities for this sector in the medium and long-term view are very favourable." This statement by Dr. Alexander Hafner, director of the Swiss Association of Textile Manufacturers, sounds sanguine indeed against the background of recent developments. Last year, turnover dropped by between 3 and 21 per cent in the various sectors of textile processing and by an estimated 3 per cent in the clothing trade. Actual output fell 8 per cent in spinning operations and 6 per cent in weaving; production of ready-made clothes was probably down by 5 per cent. Only thread production showed a volume growth in 1978.

The grave situation facing textile manufacturers followed a long-term shrinking of what has traditionally been one of Switzerland's key industries. In 1965, some 1,727 textile workers gave employment to 73,644, while last year only 38,262 people were on the payrolls of 544 production units. A number of plants gave up during 1978, with output slumping after the sudden jump in the Swiss franc exchange rate during the summer: in the third quarter of last year production was well below 1963 levels, while new orders were 17.8 per cent lower than those of the corresponding period of 1977.

Despite this, Dr. Hafner is not just whistling in the dark. Just as it was the development of exchange rates which led, in his words, to the industry's loss of its competitive ability overnight last year, the stabilisation of the Swiss franc has done a great deal to put companies back in the market. At the same time, the far-reaching concentration process of recent years has left the sector with substantially higher productivity and with a technological stand above the high average of Swiss manufacturing as a whole.

Also, the fall in employment has done little to weaken the importance of textiles as a major Swiss export. The value of textile, clothing and shoe exports has climbed considerably this decade from SwFr 2.11bn in 1970 to SwFr 3.11bn as a 1977 peak, and declined by only a modest 4 per cent this year. On Switzerland's biggest single foreign market for these products—that of the Federal Republic—there was actually a 16 per cent increase last year in the face of a much dearer Swiss franc in terms of D-Marks.

In the first quarter of this year, exports of textiles have shown a slight increase again, though a fall in foreign sales of clothing and shoes led to an 0.3 per cent overall decline for the product group to SwFr 807.6m. There appears to be no threat of noticeable new unemployment in the coming months, and the industry is expressing a certain optimism for the year as a whole. No shifts of manufacturing capacity are planned away from Switzerland into low-price producing countries, it is claimed.

A much less positive position is held by clothing manufacturers, who have indicated they expect some 3 per cent less output and turnover in 1979, as well as a further shrinking of the labour force by 4 per cent. Since the mid-1960s employment has already fallen off by nearly 60 per cent. Makers of clothing, shoes and bed-linen are faced both with sluggish demand at home—aggravated by a large volume of cheap imports—and difficulties in selling their products on foreign markets with much weaker currencies.

Neither for the clothing industry nor for textile manufacturers is the future without problems. The worst thing that could happen would doubtless be a further strengthening of the national currency against the field or even against specific other countries. As it is, profits are at definitely unsatisfactory levels. Also, there are no signs of any real impulses coming from the domestic market, where textile consumption is declining, regardless of the near-stability of the population total and the high general standard of living. This fact, which has harmed import business as well, led to an overall drop in retail sales of clothes and other textile goods in calendar 1978; already turnover levels had been below those for 1972.

Protectionism

Textile manufacturers in Switzerland are furthermore affected considerably by protectionism on the part of potential export markets. Although serious non-tariff barriers imposed by the neighbouring Italian market have been lifted, meaning that the EEC and EFTA areas are "open" for Swiss textiles, there have been substantial restrictions on exports to the United States, Latin America, the Far East and the southern Mediterranean, in some cases such as virtually to exclude the possibility of selling there at all. The Swiss still have a bone to pick with Brussels, too, with regard to the imposition of a special duty on Swiss fabrics bought by EEC customers for making up in associated Mediterranean countries and subsequent re-import into the Community.

The attention of the Berne Government is being called to such hindrances, as it has been repeatedly to the vexed question of what is felt to have been an over-liberal official approach to the large-scale supplying of the Swiss market with cheap clothing from the Far East.

However, there is definite appreciation for what the Government has done for the hard-pressed and regionally very important textile industry in the recent past. Apart from the generally welcome measures of the Federal Council and the National Bank to stabilise the exchange rate, a number of special programmes have been launched to help textile producers and processors—particularly in the field of forward foreign-exchange drawing facilities and in the tax and interest sector. There is gratitude, also, at the decision not to raise costs for the State's export risk guarantee scheme, which now covers 8 per cent of total textile export contracts. On a smaller scale, help has come from a move to place additional Government orders with the textile industry. One of the industry's requests is now for lower interest rates for long-term loans or some other measure to cheapen investments.

Although investment activity has been running at a relatively low level, the industry recently showed its confidence in the future by the opening last August of the so-called Textile and Mode Center, near Zurich Airport. This ambitious wholesale display building, to which 304 Swiss companies and six foreign undertakings belong as associates, is aimed at presenting a permanent show of Swiss textiles and fashion goods to domestic and foreign buyers. An expansion of the new centre is already about to be built on an adjoining site.

J.W.

Banks soften their image

IN THE spring sun it looks quite pretty: tourists in Paradeplatz, centre of the Zurich banking world, relax on wooden benches *provided* thoughtfully by one of the big three banks under sunshades dyed gaily in its house colours. The bank had also intanded to provide a soft drink machine, perhaps even a hot dog stand, but the police said "no," it would cause too much litter (and maybe unwelcome competion for established victuallers.)

Anyway, the scene considerably softens the stern impact of the bank facade behind it. The banks are, quite literally, doing something about their image. There is more to it than an adjustment to the habits of the age. For the Swiss Socialists are trying to interfere with some of the most hallowed practices of Swiss bankers. A referendum is being prepared which would inscribe into the constitution limits upon the banking secret as practised by the Swiss. What Hitler failed to do, and what the U.S. largely failed to achieve in more recent years, is now to be done by popular referendum.

The Socialists propose to oblige banks to give information to the authorities at home and abroad in cases where tax has been evaded or where foreign exchange controls have been violated. As the law stands information can be demanded only where crime is involved, and Swiss law considers tax evasion a misdemeanour, not a crime. There are other proposals that the Socialists are making, but the inroad into bank secrecy would be the most portentous if the people should say "yes."

Though the Socialists are the largest Swiss party, with about one-third of the votes cast in the parliamentary election of 1975, their attack on bank power does not look especially likely to succeed in the foreseeable future. Sample polls taken by the banks indicate that fewer than 20 per cent of the voters would support the *Socialist* proposals in a referendum: no wonder, since most Swiss believe that the banks have served them well—and since many no doubt take advantage of the easy going ways with tax evasion or avoidance.

The Socialists argue that the wage earner has his tax deducted from his pay packet and therefore cannot profit from these things as easily as, say, professional people or investors. That may be correct but misses the point that, especially in Switzerland, which this century has suffered the ravages neither of war nor of prolonged inflation, even the little man often has a worthwhile income from savings.

Guesses

Many calculations and more guesses have been made about the amount of money in Swiss banks that is there in breach of the laws of one country or another. The Socialists operate with two sets of figures. They say that withholding taxes deducted from security incomes and then not credited against income tax liabilities indicata that in 1976 investments of SwFr 90bn (about U.S.$36bn at the exchange rates then prevailing) had not been declared for tax purposes. The figure is dubious. It takes no account of offshore bonds and fiduciary investments which are free of withholding tax. On the other side of the ladger it cannot include investments made by foreigners whose Governments have no double taxation agreement with Berne.

The other set of figures that the Socialists use comes from official data and estimates that, at the end of 1976, Swiss banks bad deposits from foreigners *totalling* SwFr 95.6bn and fiduciary funds of SwFr 49.2bn. In addition at least SwFr 100bn of foreign funds were placed in trust with Swiss non-banks and SwFr 200bn were invested in Swiss equities. Though these amounts must include a great deal of perfectly clean money, there is no certain way of telling whether they understate or overstate the amount of hot money (or even of foreign *money*) in Switzerland. If anybody does know, he is keeping quiet for obvious reasons.

Leaving aside the material interests involved, the whole matter of bank secrecy raises difficult questions of morality in a world that has greatly changed its ideas of propriety in the last 100 years. A leading Swiss banker hit the nail on the head when he said that bankers must not be turned into policemen. By traditional standards, not only Swiss, they probably should not. Of course that begs the question, but it is wise to remember that Swiss bank secrecy in its present form was introduced to assist Jews who were trying to protect their assets from the Nazis. The Socialist proposal would explicitly maintain absolute secrecy to protect those persecuted for political or racial reasons, or those who cannot expect a proper administration of justice in thair own country. But precisely where do you draw the line?

Morality apart, there is a cynical view to be heard that the entire argument has been excellent publicity: anyone who still does not know that bank secrecy exists in Switzerland will never find out.

But although the Socialists have failed with their initial aim, which was to get the 100,000 signatures required for a referendum by April, there is no denying that they have had some popular response to their demand that Switzerland should be "workshop — not money shop." The shock of the steep appreciation of the franc last autumn saw to that.

The catch phrase is intended to suggest that capital movements blamed on the machinations of bankers are responsible for the high exchange rate of the franc and the difficulties it has caused for exporting industry. The bankers, of course, deny this, and given the *fact* that the Swiss do not have statistics for their capital account the truth is hard to get at.

Dr. Oswald Aeppli, President of *Credit Suisse, at* his annual general meeting on April 3, tried to fill the gap with estimated figures. His conclusions can be summarised as follows. As a typical concomitant of slack home demand the current account has been in heavy surplus recently. Herr Aeppli therefore concluded that the workshop was to blame in part for its own exchange rate troubles. As regards capital movements, he found, quite correctly, that the operations of the banks on their own account had produced a substantial outflow of capital.

But that still left an inflow last year of almost SwFr 15bn attributable to non-banks—but which in practice can very well be linked indirectly with the "money shop." In part it consisted of the normal leads and lags; beyond that Herr Aeppli saw the repatriation of funds by Swiss investors and above all Swiss multinational *companies.*

Herr Aeppli was not the only bank president to counterattack. Herr Hans Strasser of the Swiss Bank Corporation said that his bank had brought considerable sacrifices to help bail out 91 enterprises, mainly small or medium sized, with 14,000 employees, which had got into financial difficulties. And Mr. Philippe de Weck, of the Union Bank of Switzerland, denied the notion that, through non-executive directorships as members of the administrative councils of Swiss enterprises, the big banks have spread a network of control over Swiss industry. It is true that the banks have tended to ration directorships of this kind, though bank influence in industry is undeniable, especially at a time when self financing is becoming more difficult than in the past.

Bank power is also said to reside in the widespread practice of owners of bearer shares giving their banks proxy voting rights. In the past the proxy votes were invariably cast in support of the company's directors. Of late, however, there have been instances where in controversial matters bank representatives were not prepared to do so. In last year's revolution at Bally, the shoe concern, which ended with the defeat of a would-be controlling shareholder, the banks certainly did show their teeth.

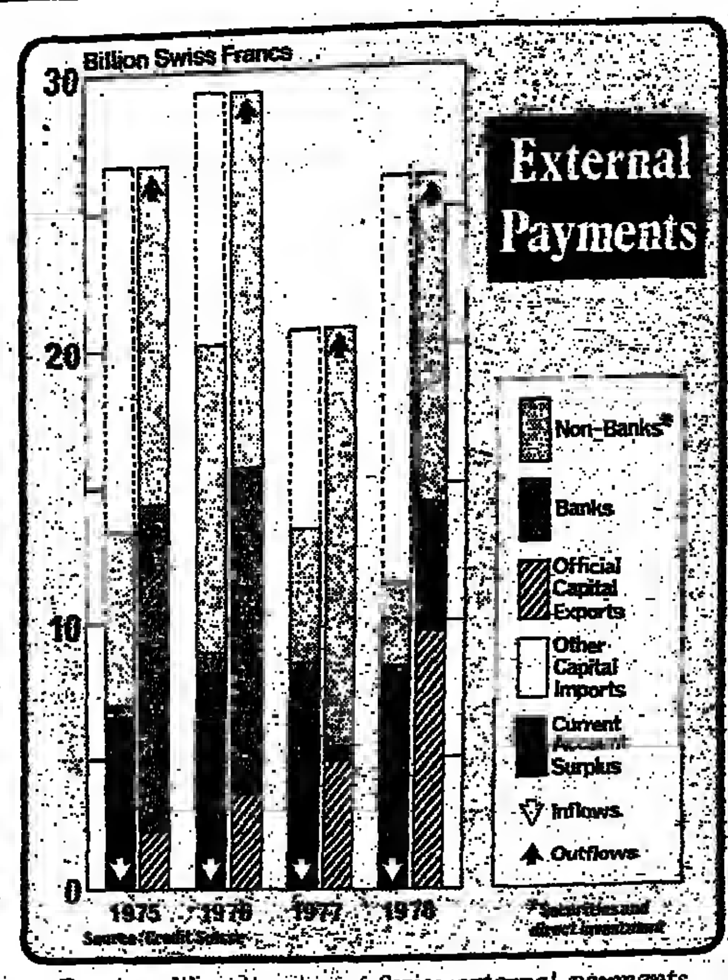
Criticism, or at any rate admonishment, has come not only from the Left and from populists, but from the governor of the National Bank himself, Dr. Fritz Leutwiler. In a speech in March he rejected controls over Euromarkets, such as have been discussed *in* government circles in a number of countries, but also cast doubts upon the nostrum of market forces. An official framework for these forces should be created at international level.

For a start Dr. Leutwiler suggested that banks operating internationally should account for their entire business in consolidated accounts, with external *transactions subjected* to uniform rules. Within Switzerland such accounts have been drawn up experimentally since 1977, though they have not been published. To the chagrin of the banks it is proposed to make these accounts, rather than unconsolidated books, the basis for minimum capital ratios.

One of the Swiss Big Three says that it would need an extra SwFr 250m or more of shareholders' equity to conform to such a change. As it is, the bankers say, they are required to have the highest capital ratios in the world: shareholders' *equity* has to account for at least 8 per cent of total liabilities.

Dr. Leutwiler *is* also proposing the licensing of all those dealing in foreign exchange for gain—banks, brokers, finance companies—and of individual dealers. The Swiss, of course, have had their fair share of fly-by-*night* operations, and *even as* respectable a bank as Credit Suisse fell victim to the irregularities in its Chiasso branch. Provisions and write-offs against that disaster so far total SwFr 1.35bn.

Chiasso certainly did lead to a phase in which the Swiss banks were seen to be trying to *put their house in order. Since* last year, for instance, they are pledged to greater care in establishing the real identity of clients and to avoid giving foreign customers active help with infringements of exchange control. The client who turns up in Zurich and deposits his money will not be hindered; but he no longer can expect the bank's representative to fetch the money from his home country.



Dr. Aeppli's estimates of Swiss external payments

All of these are really straws in the wind. What they may portend is that the phase of rapid expansion of the business of the Swiss banks could be *coming* to an end. In cyclical terms last year brought a definite setback: all of the big three reported lower net profits although too much importance should not be attached to the published figure. It is, however, clear that in a year of so strong an appreciation of the franc, income from foreign securities, when expressed in francs, had to suffer severely. That particular episode may be over for the time being, but it does not follow that the rip-roaring ways of the 1960s and early 1970s can be resumed.

In conclusion it may be well to ponder the remark of a highly respected retired Swiss politician, a man as shrewd as they come. Asked privately whether Chiasso would permanently damage the reputation of Swiss bankers and of Switzerland, he chuckled: "Gracious no; they will take confounded care to avoid a repetition."

W.L.L.

Insurers worried by new legislation

THE SWISS insurance companies have remained unscathed by the recent years of economic slowdown and are looking forward to still better times as the recovery begins to take firmer hold in western economies.

The federal Government's successful policy of holding down inflation, combined with the exchange rate stability achieved since the start of this year, have improved prospects for Swiss industrial and export activity. The private insurance companies, which earned SWFr 10.1bn in premiums from abroad out of a total premiums income of SwFr 18.5bn in 1977 (the latest figures available), expect to consolidate gains and get on to a course of expansion.

The 1978 financial year has been satisfactory for the insurance industry as a whole. The major companies—Swiss Reinsurance, Rentenanstalt, Zurich, Winterthur, Vita and Baloise—have kept up a steady pace of activity. Setback from the conversion of foreign currency premiums into the strong Swiss franc made the increase in their total income look more modest than otherwise, but no losses were reported and dividends in most cases were maintained unchanged.

The only clouds on the horizon for private insurers are new legislation, which is seen by many as symbolising Government attempts to meddle unduly in the affairs of private enterprise.

Swiss private insurance companies earned SwFr 8.3bn from business within Switzerland in 1977, an increase of SwFr 634m over the previous year. Of this amount 46.5 per cent came from life insurance premiums, 14.6 per cent from obligatory civil responsibility insurance, and 11.4 per cent from accident insurance.

The foreign premium income of SwFr 10.1bn was made up of SwFr 5.3bn from reinsurance, SwFr 3.3bn from accident and general insurance, and SwFr 1.5bn from direct life insurance.

The placid background for the activity of Swiss insurance companies has not encouraged innovation or new initiatives. The only new product that came into being during 1978 after several years of preparation was a combined policy covering life, accident and illness insurance. The Zurich company began to experiment with such a policy two years ago, and Winterthur and Continental have now followed suit.

There have been no major acquisitions, although collaboration with foreign partners continues to become stronger, reflecting the Swiss industry's concern that the home market is not big enough to sustain new expansion. The drive to find new markets and to consolidate existing shares of foreign markets has taken on new urgency because of an increasing body of European Community legislation designed to harmonise the legal framework governing insurance company activities in member nations.

Bilateral

Under pressure from Swiss industry, a Government commission has been negotiating a bilateral accord with the Common Market European Commission to ensure that the protectionist aspects of new Community directives do not adversely affect the activities of Swiss insurance companies in the Community.

Swiss life insurance business recovered slightly in 1978 after the modest recession of recent years. The recovery was helped by the small increase in the cost of living in Switzerland, which encouraged a trend towards long-term savings represented by life insurance. However, a fall in interest rates caused reductions in investment incomes, reducing the shares of profits paid to policyholders. The current high liquidity on capital markets and continuing stagnation in the construction sector is expected to keep investment income at depressed levels.

Earnings from accident and damage insurance premiums amounted to SwFr 4.3bn in 1977, an increase of SwFr 235m over the previous year. About 71 per cent of this came from collective insurance policies. Tariffs remained unchanged in general but motor car third party premiums which are closely monitored by the Government, were allowed to rise by an average 3 per cent—the largest increase of 5.6 per cent being in the 800-1,300 cc category.

The worries for private Swiss insurers at present come from the Government's legislative activities. A new law came into force on January 1, 1979, updating an 1885 law on surveillance and supervision of private companies in all fields of insurance. The Government claims that the law, which took 20 years to complete, does no more than codify existing practice while laying down clearly which companies fall within its scope.

The industry has accepted the law with good grace but has yet to shake off its fear that the Government is quietly trying to restrict its freedom to do business. The fear is heightened by separate legislation currently under discussion concerning revisions to a previous law on insurance against accidents and illness.

The new supervisory law, which has 54 articles compared with the 17 provisions of the 1885 law, does not change the supervisory system, nor does it significantly alter the balance between the private companies and the Government's supervisory Board.

A senior insurance industry official said, however, that the law is stronger and more restrictive in some respects than its predecessor. For example, it very strictly regulates premiums to be charged for obligatory third party motor car insurance, it lays down an obligation to submit all insurance tariffs to the supervisory Board for approval to ensure the maintenance of a competitive environment, and it forbids any private insurance company from buying more than a one-fifth stake in any non-insurance enterprise without special permission from the supervisory Board. This ownership provision is in line with rules in West Germany, Belgium and France.

An existing law covering insurance against accidents and illness has been split in the revision process into two separate pieces of legislation dealing with each of the subjects. A draft law concerning accident insurance was approved by Parliament in March this year, while the one concerning illness insurance is now in the first stage of the drafting process.

The law concerning accidents became the focus of a massive lobbying effort by the insurance industry earlier this year, because in its original form, supported by the Socialists and some Left-wing groups, it would have handed all accident insurance to the state-run "Caisse Nationale d'Assurances." Parliament finally removed this element from the law but retained a second major provision obliging all workers to take out an accident insurance policy.

The private companies are trying to ensure that the new law will not place obligations on either party and will not increase the role of the state. A major concern is to see that any Government supervision of premiums will not stop companies from keeping them in line with rising medical costs, and will not prevent people from taking special policies designed to finance treatment in luxury clinics and private hospital rooms.

The increasing body of Common Market rules concerning insurance activities are being viewed with apprehension by the Swiss companies, which are essentially export orientated. About 90 per cent of the reinsurance business comes from abroad, mainly Europe, as does more than 50 per cent of the non-life insurance business and 25 per cent of life-insurance.

The main fear is that the Community rules will end up being protectionist, in line with its other protectionist policies in trade. The companies put pressure on the Berne Government to enter a bilateral accord with the Community to prevent discrimination against Swiss enterprises, especially concerning setting up non-life insurance operations in Community countries. This accord is almost complete and should be signed later this year.

Directives

The Community finally adopted its internal coordination directives about life insurance on March 5 this year, and the Swiss companies are now waiting for a reply from Berne on their demand for negotiations for a bilateral accord with the Community in this field.

The Swiss are keen to ensure that in the direct non-life insurance field Community rule on solvency margins does not act in a discriminatory way against them. Under the rule an insurance company from one Community country wishing to set up operations in another member country must produce a certificate from its domestic supervisory board showing that it has own capital equal to about 15 per cent of premium volume in line with fixed criteria.

In the case of foreign companies wishing to operate in the Community, the requirement is that they must invest this solvency margin in the country where they want to operate. The Swiss are currently trying to bypass this regulation in negotiations with the Community's Commission. The concessions will have to be reciprocal, thus forcing the Swiss to open up their home market further to foreign companies. But a senior Swiss insurance industry official says that this is not a problem. "The Swiss insurance market has about 100 companies, of which 25 are foreign, but they account for only two per cent of the total business. The Swiss market is very hard ground for foreigners because Swiss customers prefer to deal only with Swiss companies," he said.

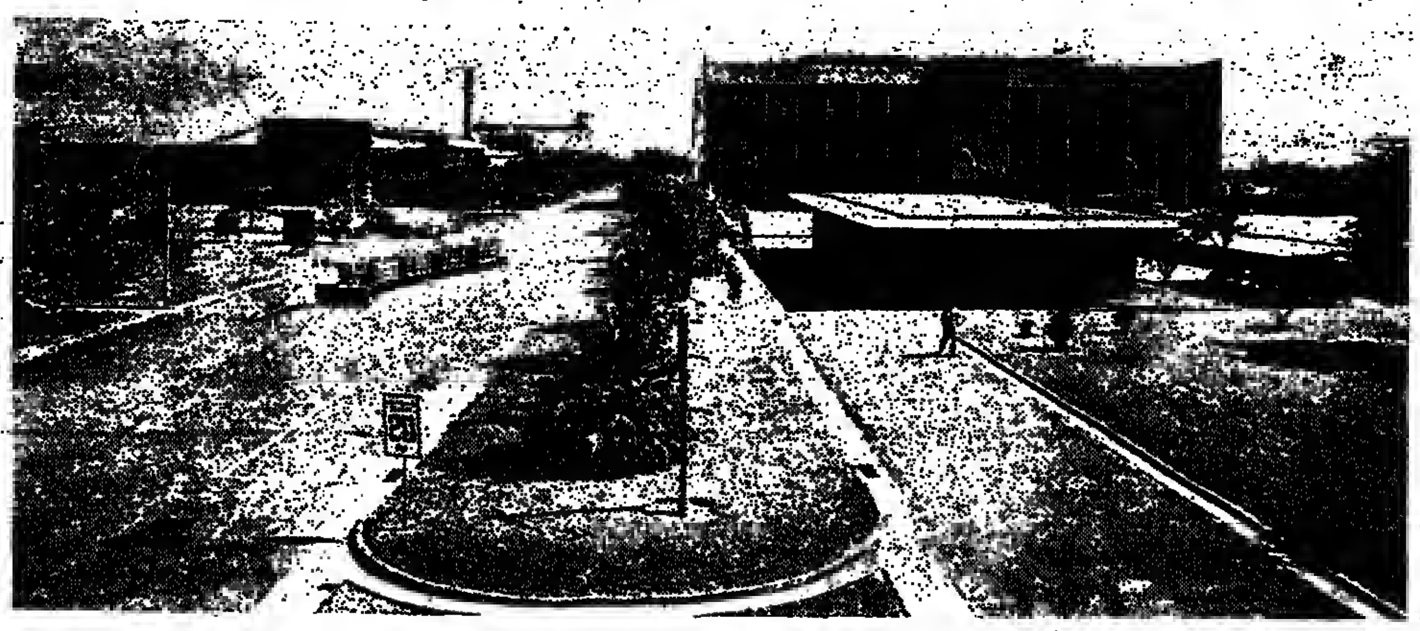
Brij Khindaria

Outlook for chemicals begins to improve

PROSPECTS LOOK brighter for the Swiss chemical industry in 1979 after a near-stagnation in turnover and a marked decline in profits last year. Major producers are reporting better sales volumes in most sectors, while the Swiss franc has so far this year remained remarkably stable. World demand for the sort of speciality product which accounts for much of Switzerland's chemical exports seems to be at least "normal" particularly good news in the case of the long crisis-ridden dyestuffs industry.

It is difficult to present a clear picture of just how well the chemical manufacturers have been managing, since the enormous currency fluctuations of the past year lead to a complete distortion of the real situation. The turnover index calculated by the Swiss Society of Chemical Industries thus went up by only a very modest 1.5 per cent in calendar 1978, although individual companies are currently reporting marked rises in local currency terms for the year. Just what a difference this made is shown by figures disclosed by the important Basle concerns, Ciba-Geigy and Sandoz, each of which recorded a 10 per cent drop in Swiss-franc consolidated group sales despite a rise of turnover in terms of local currencies by 11 per cent.

Something like 80 per cent of all Swiss chemical production goes for sale on foreign markets, so a change in parities is of the greatest possible importance. Switzerland found itself increasingly under price pressure due to the exchange-rate situation both in direct exports and as a result of competing countries being able to offer their goods more cheaply on third markets. Nor was the relatively small home market much of a help; chemical imports did, admittedly, decline by 6.2 per cent in 1978, but this was due largely to a substantial fall in Swiss franc prices, as well as to the general sluggishness of Swiss demand.



Swiss chemical companies are spending more and more money on foreign production units. This plant at Resende, Brazil, is a joint venture of Ciba Geigy and Sandoz

Actual production, up last year by 3.9 per cent, tends to react very rapidly to changes in demand. A report produced by the Zurich-based organisation Wirtschaftsförderung points to the 15.3 per cent slump in Swiss chemical output in recession year 1975, followed by a jump of 20.3 per cent the following year and near stagnation, represented by an 0.5 per cent drop in the index, in 1977.

Substantial

Production volume is, of course, only to a certain extent indicative of the progress of Swiss-based chemical production. For many years now, the industry has been moving into line with higher and higher added value. This is an explanation for the continued substantial investments in Switzerland itself without anything like a corresponding rise in tonnage.

At the same time, the larger chemical concerns—such as Ciba-Geigy, Hoffmann-La Roche, Sandoz and the Lonza division of Alusuisse—are spending very large sums on the extension of their foreign base. Capacity is not being transferred abroad from Switzerland, but neither are major production projects being undertaken at home. The share of direct exports is falling and will continue to fall within group turnovers for reasons of currency translation, operating costs and local protectionism in a number of national markets. The foreign production base is expanding fast. Both by investments in existing subsidiaries and by corporate acquisitions. Smaller undertakings are naturally less able to build up foreign capacity; the next few years will probably see increasing pressure on such companies to engage in geographical diversification, particularly with the home market apparently set to offer very few new sales opportunities for years to come.

The first indication of a better market environment in 1979 has been given by initial first-quarter corporate reports. Despite poor agro-chemicals business owing to the bad winter weather, exports showed a modest 1.5 per cent increase to SwFr 2.2bn for January-March, and April indications are encouraging. There seem to be no serious hazards immediately facing the pharmaceuticals and dyestuffs sectors—the most important in the Swiss chemical industry—while agro-chemical sales should pick up sharply soon after the first-quarter delay.

There are a number of obstacles in the path of a really marked recovery. One of these is the wave of price increases for crude oil and for petro-chemical raw materials threatening chemical industry users. Ciba-Geigy puts raw-material price increases at 3-9 per cent for 1979. Although Switzerland, with its lack of bulk chemicals, will be less bothered by this development than some other countries, there will be a definite increase in costs. Also, the fact that the Swiss franc is now well below its September peak means that import prices in terms of the currency are in any case rising again.

Despite the rise in purchasing and foreign investment costs resulting from a dampening of the Swiss franc exchange rate, it is the further stabilisation of the currency in which the chemical industry puts most hope. This will enable consolidated figures to come closer to approximating the definitely favourable upswing in foreign-market sales, as well as raising the franc value of payments by subsidiaries in respect of dividends, royalties and in-group deliveries of such raw materials as pharmaceutical or agro-chemical active agents.

Given a continuation of today's exchange rates, it seems virtually certain that profits will show an improvement again in 1979, after having dipped in the case of most producers for last year. There is certainly a good deal of ground to be made up for, as industry turnover is today not much higher than in 1974; in the five-year period 1974-78, turnover showed an overall rise of no more than 3.5 per cent in terms of Swiss francs, while production volume rose by a modest 5.4 per cent.

The major companies at least have plenty of money to spend on new projects. Initial indications are that capital expenditure will be as high as or higher than the 1978 level this year. Most of this will doubtless continue to flow out of the country, with the United States as the biggest single destination. All the leading manufacturers have sizeable ventures in band, which will expand be already substantial stakein group operations accounted for by the U.S.

J.W.

Watch industry fights back

THE SWISS watch industry is recovering from one of the worst blows dealt to it in receot memory by the 26 per cent appreciation of the Swiss franc against the dollar during the first nine mooths of 1978.

Combined with economic recession In the West—wbich buys 50 per cent of Swiss watch exports—and sbarp competition from watchmakers in Japan, South East Asia and the United States, the dnllar's appreciation created a turmoil wbose effects will reverberate in Switzerland's watch industry for several years to come.

The industry was sbaken from wbat many saw as complacency and took a searching look at itself. As a result it has now become the third largest spender on research and development with a budget of SwFr 120m in 1979. Surpassed only by the cbemical and electric equipment Industries. About SwFr 100m was spent on research aod development in 1978.

Industry leaders now feel that they are again on firm ground aod can maiotain Switzerland's position as the world leader in watch exports and tecbnolngical innovation. They claim that in recent years their research laboratories have provided important breakthroughs, which will cut the cost of quartz movement watches and have already helped tn reduce the cost of milling and machining components to levels prevailing before 1974.

The research and develnpment has also provided a technological fallnut whicb has allowed the industry to diversify into other products. Diversification sales now account for 6 per cent (SwFr 200m) of the watchmakiog industry's aggregate turnover, compared with zero 10 years ago.

A major effort is being made to improve design and style because of a growing feeling that the industry has now acquired enough new technology, wbich should first be exploited more fully before further substantive innovatinn.

The Swiss claim is that no other industry in the world can offer as much variety of design and quality at sucb a wide range of prices. Even the Japanese, who are still feared competitnrs in foreign markets, are becoming more important as bnyers of Swiss watcbes than as rival salesmen. Japan is, in fact, Switzerland's largest market for quartz electrnnic watches, wbich make up a quarter of total Swiss watcb sales to Japan.

The Japanese buy the top-of-the-line Swiss watches, and companies sucb as Seiko are also major buyers of components. The Swiss bave in turn learnt from Japan. Like the Japanese, tbe Swiss industry has now concentrated the manufacture of components in a handful of specialised factories to take advantage of vertical integration in cutting costs. However, some particularly famous makers, sucb as Rolex and Omega, contioue to make everytbiog themselves and even fioance their own import networks.

Diversify

Swiss watchmakers bave alao Increased their investment abroad as part of their effnrts to diversify production. They bave fnr example invested in the cbemicals and food industries in countries enjoying lower labour costs.

Investments in watch-making as snch bave been made in Mexico, India and the Andean Pact countries, while spare part-makiog facilities have been set up in France, Germany and Italy. Joint ventures include one with a Chinese-owned company in Hong Kong, and with a Japanese company in Singapore.

Last year was marked by quarrels between the Swiss watch-making industry and the federal Government as well as the banks. Reeling under the impact of the rising Swiss franc, the watch-makers insisted that the prnfitable banking sector sbould make a special effort to help cover export risks arising from constant excbange rate fluctuations, and sought an aid programme from the Government.

The banks finally agreed to set up a rediscounting system for foreign bills whereby funds equivalent to the credit lines granted by the banks can be immediately put to fresh use. They also developed a system of export-risk guarantees and purchasing scbemes for selected foreign curreocies, enabling exporters to cover themselves against excbange rate fluctuations between the moment of the sale and the receipt of payment.

In October last year the federal Government announced a series of measures to bolster Switzerland's export industries bit by the dnllar's depreciation. These included measures to aid the watchmaking industry through the use of public funds to subsidise information and marketing programmes and research and development. A Government scheme backed by the National Bank to belp the industry cushion the impact of exchange rate movements did not find favour with the watch Industry and has not been greatly used.

The Swiss watch industry's bywords remain quality and after-sales service. Tbe number of companies fell tn 979 in 1978 compared with 1,021 in 1977, but only abnut 12 enterprises (out of 380 exporters) sell two-thirds of all watches and components expnrted by Switzerland.

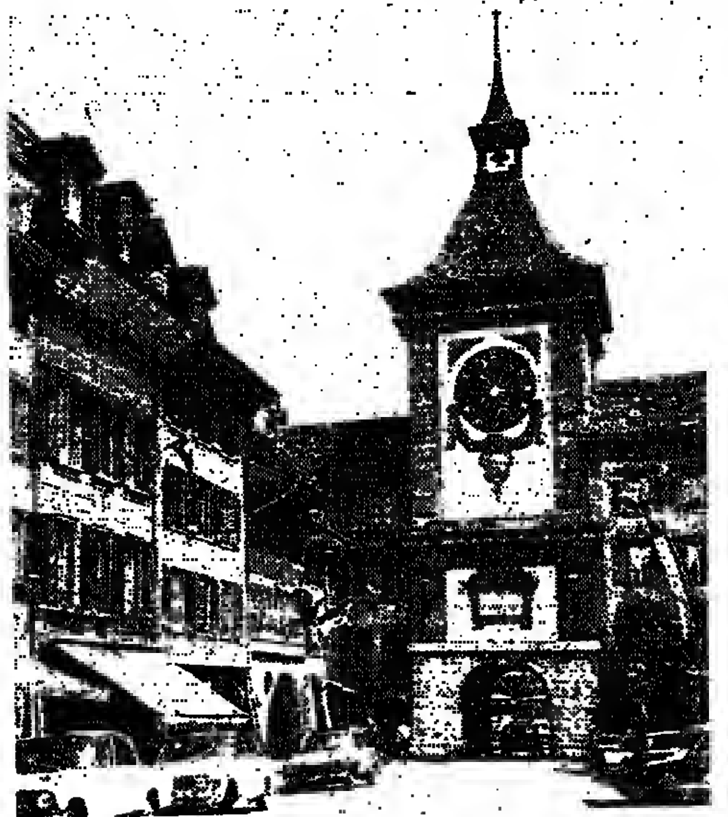
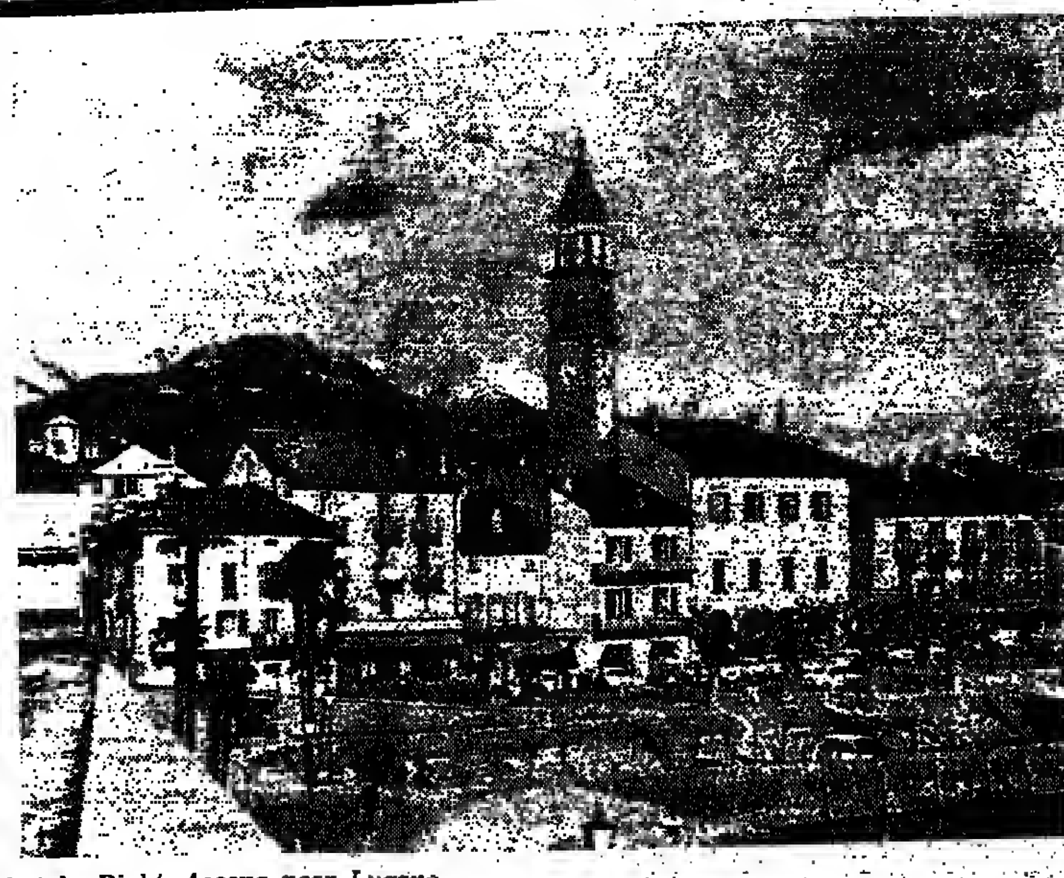
In 1978, Swiss watch exports fell by 8.5 per cent and the number of people employed by the industry also fell, by 4 per cent, compared with a 22 per cent fall in expnrts and 18 per cent fall in jobs in 1975 wben the economic recession brought a 9 per cent drop in industrial prodnction in the develnped countries.

It is now estimated that the dollar will depreciate by 3 per cent against the franc in 1979, while developed country industrial ontput will rise by 2 per cent. As the result Swiss watch exports are forecast to fall by about 5 per cent and jobs will drop by another 4 per cent.

In 1978, the industry expnrted 60.3m watches and movements worth SwFr 2.9bn, a 1.6 per cent increase in value terms over the previous year. Best sellers were electronic watches and high-quality high-priced products. North America took 20 per cent of these exports, Western Europe 30 per cent, Asia 25 per cent, the Middle East 11 per cent, Africa 7 per cent, Eastern Europe 1 per cent and Oceania 1 per cent.

With improved forecasts for economic recovery in industrialised countries this year, and its nwn strenuous efforts at rationalisation, the Swiss watcb industry is looking forward to a better year than in 1978. While the export volume is likely to fall, the value of exports should increase in Swiss franc terms, particularly if the dollar does not depreciate significantly against the franc.

Brij Khindaria

Above left: Skiers on Piz Nair above St. Moritz. Centre: The clock tower at Murten near Neuchotel. Right: Ascona near Lugano

Still pulling in the tourists

NATURAL BEAUTY, the eternal asset that in 1863 prompted Thomas Cook to organise his first group tour to Switzerland, gave new proof last year of its power to attract foreigners to this exquisite country, despite the dourness of some of its people and the high cost of living.

At a time when almost all other industries in Switzerland were lamenting the extraordinary strength of the Swiss franc, the tourist industry, perhaps the most vulnerable of them all, notched up a number of visitors second only to the record level of the previous year.

At 68,435,000, the number of nights spent in hotels by visitors was only 0.9 per cent below the 1977 record. The most surprising figure is the 14.1 per cent rise in tourists from Britain, who spent 1,469,300 nights in Switzerland, by far the largest rate of increase. The explanation offered here is that the British, harassed by strikes and difficulties in their own country, were willing to pay high prices for serenity, the hallmark of Switzerland, one of whose advertising slogans is "Switzerland works."

The largest contingent of tourists were, predictably, West Germans, who spent 13,997,900 nights in Swiss hotels, a rise of 4.6 per cent over 1977. Americans, Canadians and South Africans were less prominent, and their numbers shrank by an average 20 per cent, while French and Italians also fell back by about 15 per cent.

Presenting his annual report earlier this month Mr. Werner Kampfen, director of the Swiss National Tourist Office, described 1978 as a satisfactory year, but warned against placing too much emphasis on developing Switzerland as a winter resort to the detriment of its image as a summer season paradise.

Part of Switzerland's success in keeping up the hotel occupancy rate, the key figure to assess the tourism industry's performance, stems from the loyalty of Swiss citizens to the confederation.

In 1975, when the tourism industry experienced a dip because of the severe western economic recession, the tourism promotion authorities appealed to people to spend their holidays at home. The patriotic Swiss paid immediate heed to the call and now provide 50 per cent of the tourism industry's turnover.

In 1978, the number of nights spent in hotels by foreign tourists fell by 1.5 per cent compared with 1977, while nights spent by Swiss tourists fell by only 0.5 per cent. A recent poll has shown that more than 85 per cent of Swiss tourists spending holidays at home express satisfaction, while only about 70 per cent of those going abroad say they were satisfied.

Impact

The only significant impact of the high cost of the Swiss franc was in the way the nights were spent. The number of nights spent in hotels and health resorts fell by 2.7 per cent, while those spent in chalets, private flats, paying guest accommodation, and on camping and caravaning sites rose by about 0.8 per cent last year compared with 1977.

A large part of the success in attracting tourists to Switzerland is attributed to a voluntary freeze on prices by hotel and restaurant keepers, and to a vigorous and imaginative publicity campaign by tourism promotion authorities. More than 555 tonnes of publicity material was distributed by the Swiss National Tourist Office.

In his report on the industry Mr. Kampfen takes a line unusual for a senior Swiss official. He criticises monetary authorities for being pessimistic about economic conditions and charges that the Swiss have behaved like complainers in the face of the franc's appreciation last year.

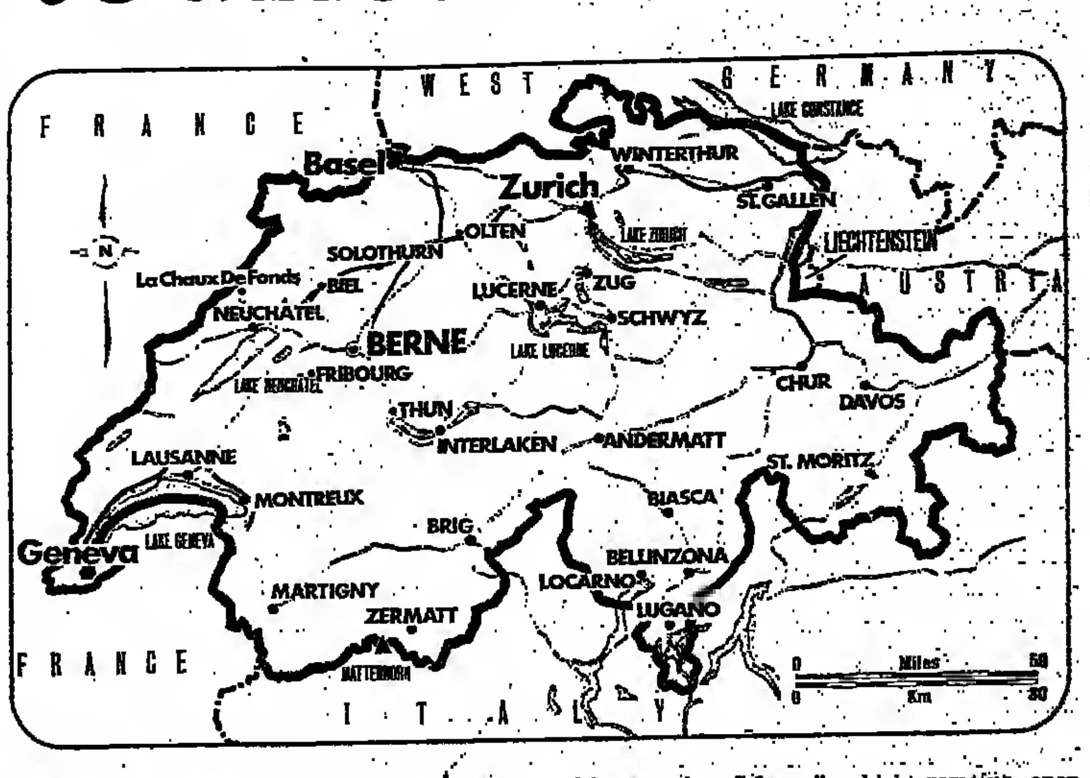
All the talk of problems convinced many foreigners that Switzerland was in trouble and hit the tourist industry's receipts. The aim should now be to export confidence and optimism to foreigners who wish to spend their holiday in an atmosphere free of problems. To the Swiss he counsels a sojourn in a Swiss hotel to rest from the fatigue of a holiday abroad.

Europeans make up more than 80 per cent of visitors to Switzerland. Of this figure nearly half are Germans, but Switzerland is currently facing particularly sharp competition from Austria. The main Swiss policy now is to encourage middle- and upper-class visitors who are looking for high quality accommodation and service at competitive prices.

Hoteliers and tourist industry officials bristle at suggestions that Switzerland is too expensive a country to visit. They argue that, while this country is not cheap, it offers unparalleled value for money and gracious hospitality increasingly lacking elsewhere.

"We do not want to become a mass tourist market. We are trying to encourage top-end tourists who are looking for quality and are seeking their money's worth rather than a bargain at rock-bottom prices," one official said. He added that Austria and other European countries which in the 1960s had tried to encourage mass tourism through group tours and package deals were now regretting their policy and seeking individual tourists.

The target areas on which Switzerland focuses its promotional efforts remain Europe and the U.S., while the Gulf states, Australia and Latin America are seen as secondary areas. The oil-rich Arab countries are not being given any special importance in promotional campaigns because the likely number of visitors is seen as being too small.



Some tourists are loyal to Switzerland and need no encouargement to visit whatever the price. The main effort is now to atttract those who can afford Switzerland but who might be considering going to a cheaper country for their holiday.

The impact of unfavourable weather conditions has been more important than the exchange rate problems. For example, the winter of 1979 has been poor in terms of tourism because of bad snow conditions.

There was very little snow around Christmas time in some key resorts, and subsequent snowfalls came too late for many potential visitors, who had already changed their plans and decided to go elsewhere. Snowfall in March and April was at the wrong time as holidaymakers were no longer thinking of winter sports.

All the famous resorts, such as St. Moritz, Davos, Arosa, Gstaad and Interlaken, are now making extra efforts to develop as all-year holiday grounds, with good summer and winter sports facilities.

Gstaad, for example, saw a 9 per cent fall in the number of nights spent by tourists in local hotels in 1978. The winter season in 1979 began poorly but picked up later, and hotel keepers say that they will have to register a record summer season to make up for the bad start to the year.

A new expanded hotel, "The Cabana," which remains open the year round, has recently built a series of apartments in chalets with kitchen facilities to allow guests the maximum freedom and privacy. It has also added a large physical fitness complex including two swimming pools, a gymnasium and sauna and Turkish baths. The keynote is allowing visitors to rest in a serene environment and, among other things, have their aching muscles massaged by a team of qualified physiotherapists.

This hotel symbolises the Swiss commitment to promoting itself as a haven of health and peace in a troubled European continent offering fine service for a high but not unreasonable price.

B.K.

THE EUROPEAN TRUCK INDUSTRY

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A state of precarious equilibrium

THE EUROPEAN truck manufacturing industry is in a "state of unstable equilibrium" according to a knowledgeable observer. In other words the structure is just about holding together but it will not take much to pull it apart. At the Turin Commercial Vehicle show which ended last week, Mr. Jacques Vandamme, who is soon to take over as chairman of IVECO, second-largest of the European truck making groups, put it more bluntly. "There are too many companies making heavy trucks in Europe. There must be some restructuring. Certain makes might disappear."

Then he threw out an invitation. "The IVECO group is open to other makes which would like to join us. We have shown what we can do and we are willing to listen to any suggestions."

The pressures for a restructuring of the industry are familiar. There is over-capacity and severe price competition—not only in Europe but elsewhere in the world.

On the other hand truck makers need to invest heavily in new products to keep up with the competition and the increasing demands of transport-related legislation. Mr. Sten Langenius, who heads Volvo's trucks business, believes that, whereas a new truck model once could look forward to 10-15 years of life, that has now shrunk to seven-10 years.

The cost of designing and bringing a new truck to market is enormous. One informed estimate puts it at $100m and even then it would incorporate an existing drivetrain (engine and gearbox). Developing a new engine would probably cost $400m and a new gearbox about half of that.

It only makes sense to incur such heavy costs if they can be spread over a big enough volume to keep the price of the truck at a reasonable level. At the lightweight end of the market this problem can be overcome to a great extent by incorporating many car components in commercial vehicles. But from about 3.5 tonnes gross vehicle weight upwards, the use of car components stops.

The most efficient European truck producers are each using three to four "families" of components to cover their complete ranges of trucks. Even so, volumes at the heavy end of the truck business are still relatively small—hence the constant search for joint-venture projects where costs—and the component or vehicle—can be shared between two or more manufacturers.

For example, SOFIM (Societe franco-Italienne des moteurs), making diesel engines at a plant in southern Italy, is owned 52.5 per cent by Fiat of Italy, 14.5 per cent by Alfa Romeo of Italy, and 33 per cent by Renault Industrial Vehicles of France.

Light vans

SEVEL (Societe europeenne des vehicules legers) is building a light van plant, also in southern Italy, and the partners are Fiat and PSA Peugeot-Citroen of France.

Two West German concerns, Volkswagen and MAN, are collaborating on the development of a new medium-weight truck range and the components for it.

IVECO is the outstanding example of the co-operative spirit. In it, Fiat, which already owned Unic of France, joined its commercial vehicle business with that of Kloeckner-Humboldt-Deutz of West Germany (Magirus Deutz trucks). The joint concern, based in Amsterdam for tax reasons, is 80 per cent owned by Fiat, 20 per cent by KHD.

The old names remain and will continue to do so, but much rationalisation of components has been completed since IVECO was formed four years ago.

EUROPEAN REGISTRATIONS*

Market sector†	1970 Number of units in 000s	1970 % share of market over 2 tonnes	1977 Number of units in 000s	1977 % share of market over 2 tonnes	1984‡ Number of units in 000s	1984‡ % share of market over 2 tonnes
Vans	334	55.0	372	61.7	449	65.7
Light trucks	198	32.6	148	24.5	142	19.9
Heavy trucks	75	12.4	83	13.8	103	14.4

* Countries included: Belgium, France, West Germany, Italy, Netherlands and the U.K.
† Sectoral definitions: vans=2.01-3.50 tonnes GVW; light trucks=3.51-16.0; and heavy trucks=over 16 tonnes
‡ Projected

Source: Economic Models Corporation

Glyn Genin

It is no secret that nearly all the European truck groups are talking to their rivals about some possible joint venture or another. The fact that not many of them materialise is testimony to the difficulties involved. For example, at the Turin show it was disclosed that the West German Cartel Office had killed off a proposed agreement between Europe's two major truck producers—Daimler-Benz and IVECO—to manufacture a new heavy automatic gearbox for urban buses.

Mr. Vandamme said: "The deal is dead. It was brought to a halt by the anti-trust attitude of the West German authorities."

The proposed joint venture is understood to have had the blessing of the European Commission which seems to accept the need for a "European dimension" in the automotive components industry if European manufacturers are to cope with competition from the Americans and the Japanese.

The Cartel Office blocked the deal apparently because it did not like the idea of closer links between the two big West German truck groups—Daimler-Benz (Mercedes) and IVECO's subsidiary Magirus Deutz.

Volkswagen, the only volume car maker in Europe without its own trucks business would very much like to join in any restructuring and the most obvious partner is its neighbour in West German, MAN. But, even if MAN's parent concern, the engineering giant GHH, was willing to sell, the Cartel Office would be almost certain to object.

Nonetheless, the search for co-operative ventures will continue, not least because of the way the market is moving. Demand for trucks is on the way down in numbers because of a switch to larger vehicles, a trend apparent across Europe. Bigger trucks can carry more goods, so you need fewer of them.

As a result the two fastest-growing sectors of the commercial vehicle market in Europe are the heavier vans (above 2 tonnes) and trucks larger than 16 tonnes.

The UK-based Economic Models forecasting group suggests that both these market segments will be growing at an average annual rate of more than 3 per cent until 1984 mainly at the expense of the light truck sector which will decline by just over 1 per cent a year.

If this forecast is fulfilled the number of trucks over 3.5 tonnes registered in 1984 would be only 245,000, compared with 272,000 in 1970, in the six major markets: West Germany, France, Italy, the UK, Belgium and the Netherlands.

It is not surprising that some of the European manufacturers (not including BL) have sought to increase their sales volume by attacking the U.S. market, where a shift from petrol to diesel-engined trucks is under way. MAN and Renault Industrial Vehicles (RVI) have established links with White Motors and Mack Trucks respectively, and Volvo of Sweden has a marketing deal with the Freightliner Corporation. IVECO, too, is active in the market.

Discussing the deal with Mack M. Francois Zannotti, chairman of RVI, said in Turin it would enable his group to double output of medium weight trucks—"and that will help keep our prices competitive. We won't make a profit at first on the trucks sold in the U.S. but we shall fill the French plant, and the profit on European truck sales will rise."

Traffic between the U.S. and Europe is far from one-way. The two major American automotive groups are well-entrenched in Europe. Ford is investing heavily—$800m over the next few years—to improve its truck business which it considers as important as its cars. General Motor has sorted out its Bedford subsidiary in the UK so that it is now making rapid progress.

Happy climate

The Bedford plant at Dunstable always has provided a happy industrial relations climate and Mr. Bob Price, chairman of Vauxhall Motors, Bedford's parent company, says it was a change in the components supply system—previously based on the system in the car plants—which provided the main impetus to increased productivity.

The next step will be to separate assembly of really heavy trucks from the other commercial vehicles. A new production line for this purpose will be working in October.

International Harvester, the American group which claims to be the world's biggest heavy truck manufacturer, has stressed that it is far from satisfied with its minor-league position in Europe. But it is still considering the best route to take. In the meantime it has put its weight behind its UK subsidiary, Seddon Atkinson, whose latest truck was partly designed at IH's facilities in the U.S. and incorporates an IH engine. But IH is in a quandary about its 33 per cent in Daf trucks of Holland. The holding is too small to provide effective control and the prospect of the American group being able to buy up enough shares to gain control seems remote.

Daf was one of the few European truck making groups to go into the red in 1978 but is making confident noises about the current year.

Western Europe's two State-owned truck businesses, Leyland Vehicles of the UK and RVI of France, also suffered losses last year. In France importers have captured around half the heavy truck market while in the UK the import content of heavy truck registrations rose from 7 to more than 17 per cent in a few years.

Both Leyland and RVI are involved in programmea to shake out excess labour and cut costs. On the product side Leyland's oew range of trucks is ready to be introduced progressively over the next two years from next autumn onwards.

There are, however, three other unstable situations which could lead to structural changes. These were outlined in a report from the Paris-based Eurofinance forecasting group, which is supported by several leading Continental banks. The survey, published just before the Turin show, pointed to:

(a) The Spanish truck industry and in particular its major company, ENASA. Spain is on the verge of entering the Common Market. It has a fast-growing truck market, but its truck producers are weak in European terms.

(b) Volvo and Scania. Working together the two Swedish producers would be a powerful force in the heavy truck business in Europe and a counter-weight to the dominance of Daimler-Benz and IVECO. Merger talks were abortive, but other forms of co-operation are open to them.

(c) The truck facilities, mainly using the Dodge name, which were acquired by PSA Peugeot-Citroen when it bought Chrysler Europe. The new owners will have to decide whether to develop this business (perhaps in co-operation with one of the bigger truck makers) or sell it.

The Eurofinance report suggested that a decision in one of these three situations "will trigger a series of moves on the structural chess board."

Quite apart from these specific problems, there is one general factor which might knock the European industry off its unstable balance—the price of oil. Mr. Zannotti was not alone in Turin in suggesting that the price of oil must be expected to double by 1985. "If that involves a steady rise it will cause no problems. But if it comea in one or two big steps then there will be big disturbances in the Europeao industry."

Letters to the Editor

A positive aim for comprehensive education

From the Chief Education Officer, City of Sheffield.

Sir,—Will you be kind enough to allow an education officer to vent his pent up frustration on reading your second leader of May 18 "A positive aim for education." It is not so much that your article was inadequate—it only purported to deal with a fragment of a topic—as that we have all just gone through a General Election debate which scarcely so much as mentioned the real issues for modern British public education.

The current argument about choice of schools for parents is both spurious and superficial. Parental choice among schools is perfectly possible in a comprehensive school system—my own city, "comprehensive" since 1969, arranges it to the near complete satisfaction of its parental community. Those of us involved in the extended working out of the country's secondary education provision know that it was not political theory that produced the wava of comprehensive reorganisation in the 1960s. It was the refusal of a large section of the middle classes to accept that their children should be consigned to secondary modern schools of a lower social ranking.

They also came to an understanding—sharpened by the facts of conspicuous examination successes in secondary modern schools, of underperformance in many selective schools—that 11 plus selection processes were arbitrary, artificial and socially unsatisfactory. It is predictable that a similar social awareness will rise again, if the new Government repeals the 1976 Education Act, in that rump of the country that will not have achieved then a modern provision of secondary education.

Anyone who believes that a selective education system leads in the end to a more open, adventurous and successful society should read Sir Karl Popper on the connection between elitism, totalitarianism and economic and social stagnation. Is not economic self-interest the important point we can all accept in common when we speak about education? I believe the connection between the two deserves some attention.

Surely we know enough now in this country about the need to develop and exploit advanced technology. If we really intend to be economically successful there is no escape from the race to keep up with the technological front-runners.

The 11-year-old entering a secondary school in 1979 will be at his most potent as a contributor to future society around his 35-year-old mark, shortly after the year 2,000. Has the FT any idea what the UK demand for skilled and qualified manpower will be in 2,000 AD? I have not, and no industrialist or economist that I know can advise me or any headmaster or any parent. It seems most unlikely, therefore, that a selective approach to secondary education will deliver the necessary overall quality of product for 2,000 AD.

Selective public secondary education was introduced in this country on a significant scale by the 1902 Education Act. This model has consistently failed to produce a population skilled and alert enough to manage, develop and man an advanced industrial society. Our reputation for academic excellence is second to none; for industrial effectiveness it borders upon the pathetic.

The qualities our population will need by the year 2,000 — indeed need already — include the highest attainable skills at all levels, adaptability to meet unforeseeable circumstances, acuity to identify problems and then to think imaginatively about their solution. It needs to become self-evident to everyone that this country has always lived by trade, that in future its trade will depend upon its technological competence and that one of the major aims of public education must be to achieve a sense of reality. Our secondary school curriculum needs a radical review. I frankly do not see how this can be done except on the basis of a coherent and integrated comprehensive school organisation.

In the last year or two the education service has been working hard to answer a national call to relate itself more closely to industry and commerce. A general move has begun to combine the thrust of vocational education with the well-established virtues of general education. This movement is in line with developments in the rest of the advanced Western world.

Should we now not come to accept that we cannot run an advanced industrial society without the reinforcement of an advanced, unified and flexible education system? Flexibility in education must mean open-endedness, unwillingness to close off options, and raising every young person's standards. One is bound to observe that these are characteristics of an integrated and comprehensive, not a fragmented and selective, system of education.

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fficency in niversities

m Mrs. B. Eaton and . B. Moore.

Sir,—We read with interest . Wyand's letter (May 16) ut efficiency in universities. it to say that in this partment there is only one l-time secretary and one part-e secretary to 12 permanent l-time members of staff, luding the professor. We no reason to believe that ratio is different in other partments of the University Sheffield.

. B. Eaton,
. B. Moore,
partmental Secretaries,
partment of Economic and cial History,
iversity of Sheffield,
effield.

rices people ut of work

om the Secretary, Price mmission

Sir,—May I correct an error the article "Few tears for the ce Mommission (May 16). t says "The rest of the Commission's 500 civil servants and tract staff will be absorbed in ner the Office of Fair Trading Monopolies Commission or in er Government departments."

The 160 civil servants on loan to the Price Commission will indeed return to their Government departments or one of the other bodies named, but few of the 340 staff who are employed under contract by the Commission, subject to dismissal at three months' notice, are likely to be recruited by the OFT or the Monopolies and Mergers Commission. The great majority of these people will be seeking new jobs as the Commission's work runs down over the next few months.

R. C. M. Cooper,
Price Commission,
Market Towers,
1, Nine Elms Lane, SW8.

Boundary changes

From Mr. M. Daniel

Sir,—The resurgence of demands for electoral reform and boundary changes (May 18) was inevitable in the aftermath of the election. Some points of a more general constitutional nature are worth bearing in mind.

Dr. Lloyd and Mr. Papworth observed a "weak but significant correlation" between size of majority and turn out. This can almost certainly be attributed to the level of canvassing rather than to certainty of result. In particular "knocking up" on the day and driving voters to the polling stations is crucial. That people need such pressure to vote is hardly a sign of flourishing democracy. Proportional representation would not resolve this problem.

Mr. Staveley observed a disproportionate number of small constituencies held by Labour, and the consequent under-representation of the Conservatives. One could well argue that rapid population change has unintentionally produced a bias in favour of the inner city areas — the overwhelming majority of the small constituencies—whose peculiar infra-structural needs and social problems merit a stronger parliamentary lobby than the suburbs and rural areas. Given the extent of their problems the party holding them is irrelevant.

The issue of numerical disproportion, however, raises a more fundamental constitutional question. The logic of seeing a numerical majority of the population as providing a mandate to govern may be impeccable in terms of the positivist principles which dominated liberal democracy during its formative period. In present conditions this quantitative yardstick is of as little relevance as the forty shilling freehold of yore. One vote every five years or so, on a mass of issues the ballot paper does not mention or differentiate, is democratic only in the most tenuous sense. Claims to represent the "middle ground" or a numerical majority cannot resolve the contradiction between the Burkeian concept of representation to which our leaders adhere, and the educational and technological advances that have rendered the concept obsolete. That this alienation from the political process finds parallel in the economic sphere, and notably in attitudes to work, should not be surprising. Productivity and the creation of wealth can only result from direct popular control in government as in all spheres of life.

Martin Daniel.
12, West Court,
West Street,
Osney, Oxford.

Expected benefits

From the chairman, Oxford Keynes Society.

Sir,—Professor Myddleton (May 3) states that "the normal presumption is that a voluntary exchange is expected to benefit bother parties," and asks what is the alternative to this point of view. I will state my argument as clearly and concisely as I can.

As Professor Myddleton agrees, it is not necessary for a voluntary transaction to benefit both parties. It is thus an empirical question whether this is so or not. The region why it is an unfortunate point of view that a voluntary transaction will benefit both parties is that it is (usually) an assumption, that has meant few researchers spend their time, or are listened to, on this problem.

There are plenty of examples where voluntary exchange has not benefited both parties. Looking at such examples, it appears to me that there are certain characteristics that will tend to make false-trading more frequent. For example, one important characteristic that makes false-trading possible is where the quality of a good cannot easily be assessed except over a prolonged period of consumption, or is of a rather technical quality of which the consumer is ignorant. For example, the durability and safety of a car. Also, there are markets which consumers only enter infrequently, and which change significantly between transactions. For example, if I bought a hi-fi seven years ago, the information I gathered then will be of little use to me if I want to buy a new one. Furthermore, I may not be able to assess the full effects of consumption. For example, if I consume a drink for breakfast every day that contains harmful chemicals, I will simply feel under the weather and be unable to trace the source of my malady. In a society where producers are motivated by profit, they will (as rational agents) take advantage of these factors and "trade on the ignorance" of consumers.

When we say that a transaction benefits both parties, we mean that it benefits them more than any other possible alternative transactions. Thus, we as consumers may feel quite satisfied with a transaction merely because we may never know fully the alternatives open to us. It follows that we can expect the actual extent of false-trading to be greater than that which is actually recognised as such by transactors themselves.

By saying all of this I do not wish to argue that Professor Myddleton is wrong in any definitive sense. Rather I suspect the generalisation that voluntary transactions should be expected to benefit both parties is too sweeping. Rather, we should expect markets with certain characteristics to lead to more false-trading than in other markets with voluntary transactions. We should discard the sweeping generalisation and examine what factors do in fact lead us to expect a voluntary transaction to benefit both parties.

Huw Dixon,
Balliol College,
Oxford.

A place for a tinker

From the Reverend E. Synge

Sir,—The other day we had prunes for pudding, and almost automatically began to recite "Tinker tailor" over the stones, when we realised that no-one knows any longer what a tinker is. We also thought that there was room for his modern equivalent, the handyman who would do a reasonable job for a reasonable price.

The country must be full of electrical machines which are out of order because manufacturers or dealers charge from £6 upwards for a visit, with an unknown additional amount for a repair. Moreover, machines become obsolete because manufacturers will not supply spare parts. I know a house which has a dish-washer and a water-softener both useless, and the owners will not, as the manufcturers might hope, buy new ones. Once hitten, twice shy.

Why are there no modern tinkers? Is it because manufacturers and trades unions are determined that householders must pay their charges or go without the machines? Travelling repairers might have to be licensed, but there would seem to be a real place for them.

Rev. E. F. Synge,
Glebe House, Pangbourne.

Heavier road vehicles

From the Editor Commercial Motor

Sir,—Mr. Richard Hope (May 17) argues strangely against the case for heavier lorries. He accepts that heavier gross vehicle weights would be economically advantageous but expresses fear that such a move would draw traffic away from rail freight.

The Freight Transport Association, whose interests are intermodal, believe this not to be the case and Mr. Hope accuses them of misleading the public. Neither can be certain of their conclusions until the market is tested.

We can be certain that heavy bulk loads travelling by rail from subsidised rail sided plants will not move over to road. The other traffic must surely be left to the free choice of the customer.

There may be arguments against heavier road vehicles but Mr. Hope's rail protection argument is not one which will appeal to commercially minded people. Nor, I suspect, will it find favour with a Government which believes incentive to be an essential ingredient in business life.

Iain Sherriff.
Dorset House,
Stamford Street, SE1.

From Mr. L. Filleul

Today's Events

GENERAL

UK: National Union of General and Municipal Workers' conference, Torquay.

Union of Post Office Workers' conference, Bournemouth.

Local government officers pay talks resume.

TUC general council meets, London.

General council of British Shipping annual meeting, London.

Memorial service for Lord Allen of Kilmahew, St. Margaret's Church, Westminster, 11 am.

Overseas: President d'Estaing of France on official visit to Sudan.

Japanese Foreign Minister Sonoda meets Premier Barre in Paris.

OFFICIAL STATISTICS

Department of Transport publishes April new vehicle registrations.

PARLIAMENTARY BUSINESS

House of Commons: Debate on motion that House should adjourn from May 25 to June 11 for Spring Bank holiday. Debate on Welsh affairs.

House of Lords: Debate on the desirability of increasing the effective power and influence of the European Parliament when it is directly elected.

COMPANY RESULTS

Final dividends: British Syphon Industries. Executex Clothes. Keyser Ullmann Holdings. London Atlantic Investment Trust. London Prudential Investment Trust. Thomas Marshall and Co. (Loxley). Monks Investment Trust. W. L. Pawson and Son. Portsmouth and Sunderland Newspapers. J. W. Spear and Sons. Interim dividends: Avon Rubber. BOC International. Brockhouse. Caravans International. M. J. Gleeson (Contractors). Readfern National Glass.

COMPANY MEETINGS

See Company News on Page 21.

Hotels and catering side lifts Reo Stakis midway

A FALL in wines and spirits profits was more than offset by an increase in the hotels and catering division, with the result that taxable profits of Reo Stakis Organisation finished the half year ended April 1, 1979, ahead at £1.37m against a previous £1m—a 36.6 per cent rise.

	1978/79 £'000	1977/78 £'000
Turnover	28,930	25,415
Hotels & catering	12,126	9,973
Wines, spirits etc	14,160	12,911
Trading profit	1,650	1,192
Hotels & catering	777	345
Casinos	638	493
Wines, spirits etc	235	354
Interest	283	191
Pre-tax profit	1,367	1,001
Tax	481	352
Net profit	886	649

And the directors say there was an encouraging start for all divisions in the second period, with good prospects for the full year. Profits for the whole of the 1977-78 year were a record £2.78m.

Turnover for the six months rose from £25.42m to £28.93m and after tax of £481,000 (£352,000)—a 35.2 per cent rate as used last year—earnings are shown as 2.5p (1.83p) per 10p share.

The directors say there was continued steady progress by the casinos side, but the off-licences were affected by the extension of bar opening times.

To reduce disparity with the final payment the interim dividend is increased from 0.192p to 0.384p net—last year's final was 0.808p.

● comment

The 36 per cent profits rise by Reo Stakis in the first half is a commendable outcome given the bad weather over the winter months, although the cancellation of horse racing fixtures probably boosted the casino interests slightly. The results reflect the increase in consumer spending and the benefits of the reorganisation in the hotels/catering and casino divisions. The only disappointment was the one-third profits shortfall in the wines and spirits side, due mainly to the extension of licensing hours in Scotland. However, the company is optimistic that this is only a temporary setback and off licence sales will pick up once bar prices start rising again. The shares rose 2½p to 57½p where the prospective yield is a mere 2.9 per cent.

HIGHLIGHTS

Lex considers the shareholder profile published by Fisons, as well as the fertiliser group's profit warning, and looks at Thomas Tilling which is asking shareholders to inject a substantial tranche of new equity for the second time in two years. Lastly, the column surveys the somewhat disappointing response to the offer by the Airways Pension Scheme for Debenture Corporation. On the bid front, Harris Queensway declined to elaborate at its annual meeting on the bid for Hardy and Co. (Furnishers) which has split the defender's board. Mining Supplies and Dobson Park Industries are considering a merger although a prospective bid by the latter is still in its infancy. Catering and leisure group, Reo Stakis, reported a 36 per cent interim profit improvement.

Leeds Dyers hopes for pick up

TAXABLE PROFITS of Leeds and District Dyers and Finishers were down from £501,513 to £445,773 in the six months to March 31, 1979, on turnover of £4.46m compared with £3.95m.

But the directors hope that the final results will not be too far removed from the £1.1m achieved last time.

Increased depreciation of £149,966 (£105,197) follows the re-equipment programme, the directors say. Liquidity is good and there are adequate resources to finance the improvements under way at three branches.

During the period under review, branches reorganisation costs of £187,141 were incurred and this amount has been released from the £508,000 provision made at September 30, 1978.

Since January, production at the new finishing department at Scott and Rhodes has steadily increased, but losses in this division will continue until the new dyehouse is fully operational in November. This, the directors say, will enable the group to complete the closure of Wade, Holroyd, and to integrate all production at the new plant.

The net interim dividend is stepped up from 0.55p to 0.7p—last year's total payment was 1.689p. The directors say the final will depend on any change that may occur in the present restrictions.

Goldfields Industrial expansion and rights

For the year ended March 31, 1979, Goldfields Industrial Corporation has shown an upsurge in turnover and profits, and is doubling its dividend. Also announced is a R1m rights issue, which is underwritten by its British parent, B. Elliott.

Turnover advanced from R17.6m to R24.1m in 1978-79, while pre-tax profit rose from R578,000 to R1.91m reflecting higher margins and the elimination of the loss-making catering division.

The trading improvement came as South African manufacturers started re-tooling ahead of the country's expected economic recovery. But this has not been without certain strains on group resources. By the end of the financial year a much higher level of unexecuted orders were carried in the accounts, while over the past two years stocks and debtors have risen from R9.3m to R12.4m.

Now the company proposes raising some R1m through a rights issue, which should lessen dependence on the extended trade credits used to finance the latest round of expansion as well as providing funds for the purchase of premises occupied by the subsidiary, Koppel Gilbert.

Earnings per share are shown at 41 cents (9 cents) and the dividend is lifted to 10 cents (5 cents). Retentions are likely to remain relatively high during the current year.

Scott & Robertson profit well up

PRE-TAX profits of Scott and Robertson improved from £522,203 to £824,783 in the year ended March 2, 1979. Turnover was higher at £19.59m compared with £18.08m.

The final dividend is 1.532p per 25p share lifting the total from 2.744p to 3.064p.

Tax charged is £241,860 (nil) and net earnings are stated as 11.7p against 10.47p. On a deferred tax basis, earnings per share are 8.36p (5.34p).

The group trades as manufacturers and merchants of jute and synthetic fibre products.

● comment

There is little evidence in Scott and Robertson's figures that the forecast of higher home demand for its products actually came through in 1978-79. Sales are up only 8.4 per cent. Some of this is due to price increases, a little comes from minor acquisitions and, perhaps 2 per cent to 3 per cent came from an increase in demand for carpets and packaging. It suggests that S and R's sales growth is roughly in line with the sector and there appears to be little or no improvement in market share. On the profits front, the picture is brighter with the 1977-78 downturn all but recovered. In the current year, trading and prospects are coloured by the jump in naptha prices, the ability to pass these on and the extent to which customers can substitute cheaper alternatives. At the moment it appears to be successfully passing increases on. The shares closed unchanged at 47p, giving a fully taxed p/e of 5.7 and a yield of 10.1 per cent.

British Island buys jet

BRITISH ISLAND Airways is buying its fourth British Aerospace One-Eleven jet for inclusive tour charter operations. It will go into service in November.

The airline's first three One-Elevens are expected to carry 100,000 holidaymakers on round-trip flights this summer.

Forty carpet jobs lost

FORTY CARPET workers at Kidderminster will lose their jobs today. More redundancies could also follow at Childema Carpets.

Mr. Alistair Jones, the receiver appointed last week, said yesterday another 50 workers would be put on short time as a holding operation.

The redundancies were made after full consultation with the unions.

Shoe company creates jobs

AT LEAST 50 new jobs will be created when John White Footwear moves from its present factory in Corby, to a bigger one—about 250 yards away—next month. At present there are 100 employees.

Fine Art ahead 17.4% to £5.5m: sales boost

FOR THE year ended March 31, 1979, profits before tax of Fine Art Developments increased by 17.4 per cent from £4.7m to £5.5m on turnover, up 13.7 per cent at £48.4m.

Sales would have exceeded £50m but for the fire in rented premises last September, the directors say. The agreed material damage claim of £1.4m has been received.

Negotiations are continuing on the consequential loss claim of which an interim £1.6m has been agreed with the insurers and included in trading profits of £6.26m (£5.23m).

Earnings per share are stated as 5.907p against 4.684p and 8.928p (8.711p) before provision for deferred tax.

The final dividend is 1.1488p making a total for the year of 2.0488p compared with 1.8348p previously.

	Year 1978-79 £	1977-78 £
Sales	48,430,492	41,869,376
Trading profit	6,262,167	5,231,734
Investment income	59,316	29,089
Interest	778,898	539,391
Profit before tax	5,542,585	4,720,752
Tax	2,834,879	[illegible]
Net profit	2,707,706	[illegible]
Extraord. items	9,175	18,326
Minorities	1,418	2,164
Attributable	2,715,463	2,127,137
To capital reserve	5,640	4,225
Interim dividend	412,308	355,495
Final dividend	526,216	474,582
Retained	1,771,199	1,292,922

● comment

Final results from Fine Art are complicated by the fire in September, when stocks were at their highest before the Christmas season. Margins are flattered by the inclusion of a £1.6m agreed insurance claim, though the final settlement will probably be rather higher. Adding in £2m of lost turnover, however, pre-tax margins are 11 per cent which represents a slight fall on the previous year. The company is covered by a reassuring 24 months UK claim for lost earnings, resulting from the fire, but it does not expect to resort to it. Fine Art already has a dominant market share in mail order greeting cards and is therefore in a sound position to recoup last year's losses. Its foreign operations are now showing a pre-tax profit, with Australia showing a particular turnaround, and any anxiety must obviously centre on the group's ability to maintain margins on its mail-order side, which constitutes 70 per cent of the company's business. The p/e looks modest at a fully-taxed 9.7 with the yield at 5.36.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Advance Laundries	1.77	—	1.55	2.07	1.88
Ayrshire Metal	3.29	June 22	2.18	5	3.55
Cambrian General int.	1.6	June 22	1.5	—	3.88
Camford Eng. int.	1.63	July 27	1.48	—	3.99
Fine Art	1.15	July 5	1.03	2.05	1.83
Laughton	4	—	—	12	11
Leeds Dyers int.	0.7	July 2	0.55	—	1.69
Panto	0.8	July 13	0.77	1.6	1.54
Reo Stakis int.	0.38‡	Sept. 13	0.19	—	1
Schlesinger Intl 2nd int	2	June 29	2	3.5	3.5
Scott and Robertson	1.53	July 9	1.83	3.06	2.74
Scottish Nat. Trust int.	1.6	June 19	1.4	—	3.9
Uniflex	3.07	—	2.75	3.07	2.75
J. Williams int.	1	July 10	1	—	2.75

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity.

Hestair set for comeback

DESPITE last year's setback, the directors of Hestair are confident the group can make satisfactory profits and pay progressive dividends, Mr. D. Hargreaves, the chairman, says in his annual report.

It will take time to repair the damage and with the severe winter delaying the start, a difficult first half is inevitable, the chairman says.

However, capacities are more closely in line with sales, major closure costs are past and the SOS employment bureau continues to improve.

For the year ended January 31, 1979, the group incurred a pre-tax loss of £341,000 compared with profits of £4.16m previously, on turnover of £58.9m against £57.05m.

Inflation accounting increases the loss to £1.32m after adjustments for depreciation, £760,000, cost of sales, £1.42m and £1.21m gearing.

Capital expenditure on productive machinery was maintained and this, together with the purchase of the freehold of the Hestair Dennis site has given rise to a substantial increase in the value of fixed assets at £12.7m.

The balance sheet also shows a material reduction in debtors, while stocks have been held and creditors reduced. Overall, borrowings have increased but much of this is of a medium term nature, says Mr. Hargreaves.

The Hestair Dennis site was repurchased for £4.25m, the price at which it had originally been sold in 1973. At the same time, directors sold an unoccupied part of the site to an institution for £620,000 and signed a development contract, whereby Hestair Developments would develop it in conjunction with the institution.

In addition, a further building was sold for £900,000 subject to leaseback by Hestair Dennis.

The net cost to the group was therefore £2.73m which was substantially funded by a £2.2m mortgage from FCI.

As a result of the closures and reorganisations several substantial properties have become surplus to requirements. These are in the process either of being sold or redeveloped and it is anticipated that this will considerably improve liquidity.

Meeting, Hyde Park Hotel, S.W., June 14 at noon.

QUEENS MOAT

Trading at a new high level was reported by Mr. John Bairstow, chairman of the hotel's group of Queens Moat Houses at the company's AGM.

Mr. Bairstow told shareholders that trading in the group's 23 establishments was better than a year ago. Provided there were no major unexpected factors, business should continue at a very good level throughout the current year.

Cape makes up lost ground

Mr. R. H. Dent, chairman of Cape Industries, told the AGM that much of the ground lost in the first two months of 1979 had been made up and by the end of April the group was close to the profit figures for the corresponding period of last year.

The group is presently negotiating the sale of its asbestos mining operations to Transvaal Consolidated Land and Exploration Company, a part of the Barlow Rand Group in South Africa.

The chairman said that while he believed that the talks were likely to come to a successful conclusion there were many matters yet to be resolved.

The group had for some time sought a South African partner to join with in mining operations there, but Mr. Dent said that in the course of the discussions it became clear that the balance of advantage to both sides was for Cape to dispose of the whole of its interest.

Cigarette war leaves Panto well off target

THE cut price war among cigarette manufacturers is blamed for P. Panto and Co., wholesale tobacconist and confectioner, missing its profit forecast.

At halfway, when the surplus was well down at £92,583 against £174,076, the directors forecast taxable profits for the year of some £200,000.

In the event, the surplus for the year to December 23, 1978, came through at £102,542 compared with £301,755 last time, on turnover of £25.28m (£24.2m). But the net total dividend is raised from 1.54p to 1.6p with a 0.8p final.

Mr. Philip Barnett, finance director, explained that cigarettes and tobacco are the most important contributors to sales, and margins were seriously eroded. When the chairman made his forecast in November "we didn't realise how badly we would be affected."

Mr. Barnett also pointed to the additional expenses incurred in sorting out two businesses acquired in 1978 and costs relating to closure of the Birkenhead office.

On current trading, he said 1979 would be another tough year, although the outlook was expected to improve after July.

After tax for the year of £46,174 (£161,499), earnings per 10p share are shown down from 3.92p to 1.57p. There is an extraordinary credit of £72,749 compared with a £685 debit last time. Pre-tax profits were struck after interest of £138,057 (£103,038).

Gieves sees another good year

Trading conditions at the Gieves Group are reasonably satisfactory and present expectations are for another successful year, Mr. M. E. Keeling, the chairman, tells shareholders.

However special efforts will be needed this year to maintain the profitability of Redwood Burn division while the new hard back binery is being built at Esher and the paper back bindery is brought to operation.

The retailing divisions tend to produce consistent results year by year but the manufacturing divisions seem to be more sensitive to changes in trading conditions and changes in the volume of output and sales.

For the year ended January 31, 1979, pre-tax profits improved from £1.24m to £1.59m on turnover of £35.52m against £32.09m. A one-for-two scrip issue is also proposed.

The liquid position has improved from a net overdraft of £1.71m to net cash at the bank of £127,760, mainly due to the improved profitability, deferment of tax liabilities, the factoring of the Redwood debt and the effect of the closures in the Mamos motor dealer group.

ISSUE NEWS

Portsmouth Water £5m pref.

Portsmouth Water Company is raising £5m by way of 8 per cent redeemable preference stock, 1984 at a minimum price of £100 per cent.

The stock is redeemable at par on June 30, 1984.

The first dividend, amounting to £2.139, will be payable on October 1, 1979, and thereafter dividends will be payable on April 1 and October 1.

The minimum amount of stock which may be tendered for is £100 and above this in multiples of £100. The issue is payable as to £10 per £100 nominal amount of stock by May 30, with the balance payable by June 28.

Arrangements have been made through stockbrokers Seymour, Pierce and Co.

● comment

Portsmouth's £5m issue is the first five-year water issue since Mid Southern's in February. For those able to take advantage of franked income, the effective return of 16¼ per cent looks very attractive but for the ordinary taxpayer, the yield of 11.94 per cent at the minimum price is less exciting. The best comparison is with Mid Southern where, at the current offer price of 102½p, the running yield is 11.65 per cent and 11.27 per cent to redemption or, excluding accrued interest, 11.88 per cent and 11.30 per cent. As always, the important factor will be the state of the fixed interest market over the next week but on current levels, a premium of between a half point to one point looks likely.

YEARLINGS AT 11¾%

The coupon rate on the latest batch of local authority yearling bonds edged up slightly to 11¾ per cent, compared with 11⅝ per cent last week. Issued at par, they are due on May 28, 1980.

The issues are: Gravesham Borough Council (£0.5m), Doncaster Metropolitan Borough Council (£0.25m), Vale of Glamorgan Borough Council (£0.25m), Aylesbury Vale District Council (£1m), Tandridge District Council (£0.25m), London Borough of Redbridge (£0.5m), West Yorkshire Metropolitan County Council (£0.75m), Epping Forest District Council (£0.5m), Wigan Metropolitan Borough Council (£1m), Alnwick District Council (£0.1m), Chiltern District Council (£0.5m), London Borough of Greenwich (£1m), Test Valley Borough Council (£0.5m), City of Glasgow District Council (£1.25m) and City of Liverpool (£2m).

Fisons first half reduced by strikes and weather

FISONS' FIGURES in the first half of 1979 will be substantially down on the same period in 1978, Sir George Burton the chairman told the AGM yesterday. The Board is confident, however, that the second half of the year will show recovery.

Fisons made pre-tax profits of £11.95m in the first half of 1978 and £22.9m in the year.

Sir George said that trading results had been badly affected so far this year by the lorry drivers' strike, bad weather in February and March, and by a prolonged dock strike at Immingham, the site of Fisons' principal fertiliser works.

Most of the impact was on the group's two agricultural divisions—fertilisers and agrochemicals.

Sir George said that "significant and major advances" in the new product field were not far away. The pharmaceuticals division has been researching the possibilities of oral chromones—related to Fisons' asthma drug, Intal, but taken orally rather than by inhalation—as ubiquitous anti-allergy agents. Major development programmes are in progress and the group is hoping for a successful product launch.

Bendiocarb, which under the trade name of Ficam is sold as a nuisance pesticide, is now being test-marketed in France as an agricultural pesticide. If successful this will lead to a far wider application for the prodoct.

Sir George said that both bendiocarb and the oral chromone drugs carry the potential of significant further growth.

A number of shareholders expressed themselves unhappy with Fisons' share price performance, and more specifically with the fact that several directors do not hold shares. Soma votes from the floor were cast against the re-election of two such directors, Mr. Roy Thomas and Sir Henry Plumb, but they were both comfortably re-appointed.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Avon Rubber, BOC International, Brookhouse, Caravans International, General Stockholders Investment Trust, M. J. Gleeson, Ley's Foundries and Engineering, Redfearn National Glass.

Finals:—Berec, British Syphon Industries, Executex Clothes, Keyser Ullmann, London Atlantic Investment Trust, London Prudential Investment Trust, Thomas Marshall (Loxley), Monks Investment Trust, W. L. Pawson, Portsmouth and Sunderland Newspapers, J. W. Spear.

FUTURE DATES

Interims:—	
Borthwick (Thomas)	May 31
Dubilier	May 31
Greenall Whitley	May 25
Hanson Trust	Jun. 18
Martin the Newsagent	Jun. 4
Finals:—	
Atkins Bros. (Hosiery)	Jun. 5
Coalite and Chemical	May 31
Lilleshall	Jun. 5
Pegler-Hattersley	Jun. 6
Progressive Secs. Inv. Trust	May 24
Sangers	May 30
Toray Industries	May 25
Wettern Bros.	Jun. 1

£0.1m loss at Barton Transport

Barton Transport turned in a taxable loss of £100,632 in the 24 weeks to March 11, 1979, compared with a £107,363 deficit last time. Revenue increased from £1.94m to £2.2m.

The directors say the results must not be taken as any indicatioo of the full-year outcome. Last time, there was a loss of £28,000 before tax and crediting £119,174 surplus on sale of vehicles. The net dividend stood at 14.4136p per 160p deferred share.

After tax for the 24 weeks of £3,206 (£1,956), the loss came through at £103,838, against £109,319. Loss after tax would have been £44,690 (£48,988) after transfer from deferred tax £59,148 (£60,331).

Camford looks to second half

THE DIRECTORS of Camford Engineering report a fall in taxable profits from £952,000 to £876,000 for the half year ended March 31, 1979, but say tha ontlook for the second half is more encouraging.

They remain confideot that the full year's results will be satisfactory—profits for the 1977-78 year was o record £2.25m.

The directors explain that profits were adversely affected by a protracted strike at a major customer, a prolonged period of disruption in the road transport industry, and higher interest charges.

Turnover for the period was up from £14.65m to £17.33m and pre-tax figure included associate companies' loss of £20,000, compared with £14,000 last time.

The net interim dividend is increased from 1.48p to 1.63p net per 10p share, last year's final payment being 2.51p.

Tax for the six months takes £132,000, against £125,000, and there is an extraordinary credit of £43,000 (nil).

During the period the group, which mannfactures metal pressings, stampings, machined parts, etc., invested over £2m in new plant and machinery for substantial long-term contracts.

The resnlts include the initial costs and interest chargea related to this investment, without reflecting any contribution to profits.

Mowlem sees modest progress

SIR EDGAR BECK, chairman, of John Mowlem and Co. says that the bad weather in the early part of the current year has affected bome contracts, but with the increasing diversity of the group's activities he hopes for modest progress in 1979.

However, the consequences of failure to agree a new wage settlement for the construction industry could affect this outlook, be warns.

The policy of the gronp remains profitable expansion in construction mechanical engineering and the sale of related products engineering.

In 1978 group profits fell from £6.13m to £5.92m after a reduced contribntion from associates of £0.89m (£1.68m). Calculations prepared on the Hyde guidelines show that profits would be reduced to some £4m (£4.2m).

At Mowlem (Building) the chairman says that although there has been little turnover growth, this company has shown some improvement in profitability. Despite the severe cutback in public works expenditure Mowlem (Civil Engineering) showed turnover and profit at a reasonable level.

During 1978 the local construction companies were incorporated into the UK construction division and despite the national decline in general investment were able to sustain a turnover of some £20m.

Commenting on the overseas construction side Sir Edgar says that obtaining work in the Middle East has proved to be difficult and competition has increased with the reduction in the work volume available. The problems in Abu Dhabi in the first half of the year have been substantially overcome and the associate there produced a profit for the year.

The group has other areas under review where it is considered that there is the potential for carrying out profitable contracting operations.

At the year end the balance sheet shows a total outflow of funds of £3.13m (£1.62m)—deposits bank and cash balances showed a reduction from £7.27m to £3.47m while bank overdrafts and loans were lower at £1.43m against £2.34m.

Sir Edgar is to retire from the chair at the AGM. Mr. E. P. Beck will succeed him.

Meeting Brentford (Middlesex), June 13 at 11 am.

BPC warns on first half

Because of the lorry drivers' strike and the suspensioo of the Sunday Times magazine, which is printed by a subsidiary, first half 1979 results of the British Printing Corporation would be depressed, Mr. Peter Robinson chairman, told the AGM.

But for these two disputes the company's results for the year to date would be in line with bndget.

The chairman said that this temporary setback must not be regarded as a guide to future profitability and he reaffirmed his optimism abont the group's future.

It is proposed to change the company's name to BPC.

Today's company meetings

Blackwood Hodge, The Dorchester, Park Lane, W, 12.30. Dickinson Robinson, 1 Redcliffe Street, Bristol, 12. Percy Lane, Grand Hotel, Colmore Row, Birmingham, 12. London Brick, Connaught Rooms, WC, 12. Senior Eng., Connaught Rooms, WC, 12. Stanley A. G., Stanley House, Cray Avenue, Orpington, Kent, 4. Sun Alliance, 1 Bartholomew Lane, EC, 12.30. Weir, Merchants' Hall, 30 George Square, Glasgow, 12. Winn Industries, The Dorchester, Park Lane, W, 11.

BIDS and DEALS

APS extends Debenture offer after 43% accept

The Airways Pension Scheme *has fallen just short of obtaining* 50 per cent of the Debenture Corporation, investment trust, at the first closing date of its contested bid.

APS announced yesterday that it had received acceptances from holders of 43.74 per cent of the shares. Adding these to its existing shareholding, APS had a total interest in 48.4 per cent of the capital and was extending the offer to June 1.

APS described the level of acceptances as "encouraging" but spokesmen for Debenture were advertising the view that the 50 per cent level did not matter anyway. Mr. Patrick Spens of Morgan Grenfell, advisers to Debenture, said that APS would need 75 per cent to be able to liquidate the company or, better still, 90 per cent in order to compulsorily acquire the minority. APS would have difficulty reaching 75 per cent at the current offer price and had no chance of getting 90 per cent without the Board's recommendation, he said.

The APS offer for the preference stock has been accepted by holders of 93.8 per cent of that class of capital.

See Lex

NORTH BRITISH PROPERTIES

Mr. Russell Bell has disposed of his beneficial interest in 2.5m ordinary shares in North British Properties which was recently hived off from Bellway Holdings. Mr. Bell retired from the board of Bellway nine years ago.

The board has been informed that the purchaser is Sun Life Assurance Society.

OVER 50% OF MOVITEX SOLD

Dealings in Movitex, the plastic and specialised engineer, were resumed yesterday at 28p with the announcement that a stake of over 50 per cent in the company is being sold.

Mr. Albert Perry and others associated with him, together with Harper Investments will be selling their entire holdings in Movitex totalling 2.27m shares (50.6 per cent). It is understood that Mr. Perry, who also controlled the Harper stake, will be resigning from the Board.

The shares were placed at just over 28p with a variety of investors, including three specialist engineers, who are taking a 12 per cent stake in the group. These individuals are now likely to take a major part in the running of the group.

The rest of the shares have been placed with a variety of institutions and private clients of Sheppards and Chase.

The Takeover Panel has agreed that these transactions do not give rise to an obligation under Rule 34 for an offer to be made for the remaining shares.

JOHN BRIGHT

Pames Sharpe and Company, on behalf of *Largs*, has bought 41,750 ordinary units of John Bright at 40½p.

WOMBWELL

Stainborough Securities has acquired a further 2,500 shares in Wombwell Foundry and Engineering bringing its stake up to 29.48 per cent.

Mr. G. L. Bramah, Wombwell chairman, also heads Stainborough and Wincobank Foundry and Engineering.

Last December, Stainborough purchased a 29.39 per cent holding in Wombwell from Wincobank although the ultimate beneficial ownership of the shares had not changed.

HAMBROS/C & P

The document detailing the offer for Collett Dickinson Pearce International, the advertising agency, is to be sent to shareholders *within the next few* days.

A £3.9m cash offer is being made by a new company which is owned 75 per cent by Hambros and 25 per cent by two directors and 11 senior executives of Collett.

HK AND SHANGHAI

Hong Kong and Shanghai Banking Corporation has obtained permission from the Central Bank of Ireland to establish a branch in Dublin by acquiring the business of Antony Gibbs, Ireland.

Agreement has been reached after discussions with existing shareholders. The Hong Kong and Shanghai has had a substantial shareholding in Antony Gibbs Holdings, London, since 1973.

NO PROBE

The proposed acquisition by Great Lakes Carbon Corporation of the shares in Anglo Great Lakes Corporation it does not already own is not being referred to the Monopolies and Mergers Commission.

PROPERTY SALE

London Shop Property Trust has disposed of its freehold interest in Bain Dawes House, Harlands Road, Haywards Heath, for £3.6m cash.

The property was last valued at April 30 1978 on an open market basis at £2.8m.

Dobson Park expected t[o] bid for Mining Supplies

Dobson Park Industries, the mining and specialised engineer, and Mining Supplies are contemplating a merger, and an offer by Dobson can be expected in a matter of weeks.

Dobson's share price was unchanged at 111p yesterday, but *shares* of Mining Supplies climbed 22p to 107p.

Mining Supplies is valued on the Stock Market at £24.1m, while Dobson is capitalised at £74.2m.

Dobson said yesterday that the mining products of both groups would complement each other well, and Dobson would reap benefits from *Mining* Supplies' export markets in South Africa and Australia.

In the year to September, 1978, Dobson announced a pre-tax profit of £13.8m, against £11.1m.

Mining Supplies reported a profit of *£1.8m pre-tax profit* in the year ending April, 1978, compared with £1.7m in the previous year.

CORN EXCHANGE £13M VALUATION

The Corn Exchange has had its principal asset, the City freehold premises in Mark Lane, revalued at £13m. Based on the audited accounts of the company at the end of December 1978 and substituting the £9.5m valuation incorporated in the previous set of annual accounts, the net asset value per share would be about 459p, *excluding any deduction* for tax on capital gains.

The Board will write to shareholders soon "to advise them about discussions which are now taking place."

GRATTAN FORMS NEW SUBSIDIARY

Grattan Warehouses, the mail order concern, is to create a wholly-owned subsidiary which will be responsible for the management of the trading activities and assets of the group and its subsidiaries.

Mr. J. M. Pickard, Grattan's chairman, said yesterday that the new company—Grattan Warehouses (Management)—will be responsible "for implementing policy decisions of the main Board and advising the *main Board on policy matters.*"

The new company will be chaired by *Mr. M. Place. He is* managing director of the group and will also be managing director of the new company. The total number on the subsidiary company Board will be 13. Seven are main Board directors.

CHESTER BARRIE IN U.S. DEAL

Chester Barrie Clothes, the menswear manufacturer and a member of the Austin Reed Group, has signed a trade agreement with Hickey-Freem[an] Co. Inc., a leading me[nswear] manufacturer in the U.S.

The U.S. company is to [sell] Chester Barrie clothing a[nd] manufacture the British [com]pany's range under licen[ce].

Chester Barrie export[s more] than 50 per cent of its [produc]tion, and its principal m[arkets] are Europe, Australia, Jap[an and] North America. The arrangement is expected [to give] exports to the U.S. a subs[tantial] fillip as it will enable the [British] company to expand its di[stribu]tion and market penetrat[ion].

LAPORTE CALLS OFF ACQUISITION

Laporte Industries, the [chemi]cal manufacturer is not t[o pro]ceed with a £9.7m acquisit[ion of] *the private company Ward [Blen]kinsop.*

The move follows the ann[ounce]ment by Ward Blenkinso[p that] there has been a change [in the] trading conditions of th[e] chemical industry within [which] it operates, and hence [its] prospects for the year to [Dec]ember 30, 1979.

Because of this Laporte w[ill not] proceed with its offer.

LEE HOWL

The offers by Amalga[mated] Power Engineering for Le[e Howl] and Co. have now become unconditional.

Phicom dealings start on July

UK investors will shortly be able to buy shares in a new electronics company following *the publication* by *Plantation* Holdings of its detailed scheme of reconstruction.

The new company, Phicom, will consist of the UK commercial and industrial assets of PH, whose planned reconstruction has been known for some time.

Phicom's interests range from scientific instruments to data and video communications and dealings in its shares will begin on July 2. PH shares will be suspended on June 29.

The reconstruction scheme involves the voluntary winding-up of PH under which PH shareholders will receive ordinary shares in Malaysian Plantations Berhad and Phicom. Terms are five shares in MPB and four in Phicom for every four PH shares already held.

Dealings in MPB, which will contain the plantations business of PH in Malaysia, begin on July 6 in Kuala Lumpur.

PH shareholders will receive special dividends of 8 cents from MPB and 0.4533p from Phicom in lieu of a final dividend from PH for 1978.

For 1979 MPB has forecast dividends of 18 cents (less tax) while Phicom has promised a payout of 1p net. These together are the equivalent of 2.98p per PH share, against the 2.4328p paid in respect of last year.

The document also contains a profit forecast of M$14m by MPB for the current year. Stock Exchange regulations, however, do not require Phicom to make a forecast. *Phicom's new chief* executive Mr. Ronald Howard says 1979 has started well but it is too early to say anything more.

The directors of PH and their advisers claim the effect of the reconstruction will be to release to shareholders an element of value which would not be available to them if the company continued in its present form.

They believe the two companies should individually have wider investment appeal while shareholders in the UK will benefit from the investment currency premium when they sell their holdings in MPB.

Under the new arrangements the Far East group Multi-Purpose Holdings, which owns 64 per cent of PH following a bid for the group last October will hold the same stake in both new companies. Mr. Howard says he does not know what the future investment strategy of Multi-Purpose would be.

Phicom's pre-tax profits fell by £280,000 to £1.3m [but] Howard says this is th[e] hiccup in an otherwise [good] record.

A proforma statement [of] Phicom's net tangible as[sets] £9.8m and total net borr[owings] of £4m.

STRONG & FISH

London Trust has purc[hased a] further 212,000 ordinary [shares] *in Strong and Fisher,* a [leather]... of leather. Its stake in th[e company] now stands at 612,500 (11.16 per cent).

IAS CARGO

IAS Cargo Airline[s has] confirmed that it is dis[cussing] the possibility of a merg[er with] Transmeridian Air Ca[rgo, the] wholly owned subsidi[ary of] Cunard which is part of T[rafalgar] House. The directors... and Cunard stress the ta[lks are] at a preliminary stage.

SHARE STAKES

Associated Dairies—[...] Binns, director, *has disp[osed of]* 112,000 shares.

Sharpe and Fisher—J. [...] Harris, director, has sol[d ...] shares.

Datnow family buying Hardy (Furnishers) shares

The Datnow family of Hardy and Co. (Furnishers), which is resisting a £25m offer from **Harris Queensway,** the carpet retailer and discount furniture supplier, announced yesterday that it had been buying shares in Hardy since the beginning of the week.

Brokers Cazenove purchased 3,000 shares in Hardy at 124p and 1,000 shares at 127p on behalf of the Datnow family.

Duff Stoop and Co. yesterday purchased for Datnow Limited, registered charity, 12,560 shares —700 at 183p; 2,500 at 162p; 2,500 at 159p; 6,860 at 160p.

On Monday Duff Stoop purchased 4,750 shares at 160p for Datnow.

When the bid was launched by Harris towards the end of last week the Datnow family held 44.8 per cent of the ordinary capital and 22.6 per cent of the "A" ordinary capital.

Harris has received irrevocable undertakings from the Slotover family on the board, which together with its holdings gave it 47.9 per cent and 25 per cent of the ordinary and "A" ordinary capital respectively.

At the Harris AGM yesterday Mr. Philip Harris said that after a slow start in the first five weeks sales "have subsequently been running ahead of budget and we look forward to another successful year."

"The home improvement division has got off to a good start with the purchase of one superstore in Monteith, Glasgow, with three other sites in the course of completion, and a number of others in the course of investigation. We expect this division to contribute to profits in a significant way next year," he added.

NEWS ANALYSIS—TILLING RIGHTS

Europe again becomes the attraction

BY CHRISTINE MOIR

"Our reason for living is growth," says Mr. Patrick Meaney, managing director of the Thomas Tilling Group. In the light of a 50 per cent earniogs growth and a £100m acquisitions bill over the past two years who could doubt him?

In contrast to the generally aluggish atance of British industry over the past couple of years, Tilling has been racing for growth. Furthermore it bas asked its shareboldars to fund that growth at regular intervals.

In May 1977 it called on them for £32m. Since then it has bought 13 companies in the U.S., ten of tham major acquisitions, for a total of £90m odd, spent £15m on nine purchases in the UK; and poured £71m into capital expenditure in existing companies.

Now it is asking for a further £57m for roughly the same reasons as given two years ago—further acquisitions and more growth in existing subsidiaries. But the relative emphasis of the two areas is likely to change.

In the mid 1970's Tilling decided that it needed to insure itself against too great an exposure to the UK economy by geographical diversification. It hit upon a mix which would leave it with 60 per cent of its funds employed in the UK, 20 per cenl in the U.S. (where, at the time, it had almost no representation), and 20 per cent in Continental Europe and elsewhere.

It has now very largely achieved that target primarily by a major U.S. acquisition campaign. This hegan in March 1977 with the purchase of Intermedco Group, a medical supplies company which now forms the nucleus of a group of medical distributors and manufacturers.

The basis for the U.S. acquisitions, according to Mr. Meaney, was Tilling's classic recipe of "opportunism and planning."

U.S. ACQUISITIONS

March 1977 for $15m: Intermedco, medical supplies group. Salas on acqnisition, $53.5m, profits $3.14m.

March 1978 for $28m: Clarkson Industries, pcllutioo control equipment engincer. Sales on acqnisltion, $31.6m, profits post tax $1.8m.

May 1978 for $7m: Mayeaux Industries, oil exploration supplies distribution. Sales $90.3m, profits $1.1m. Now trading as Norvell-Wilder.

December 1978 for $7m: Ambassador Insurance, motor insurance. Premium income $15.75m, profits $1.75m.

January 1979 for $19m: D. L. Saslow, dental equipment distribution. Sales $54.9m, profits $3.8m.

February 1979 for $4m: Hosmer-Dorrance, artificial limb maker.

March 1979 for $66m: Clecon, energy conservation, insulation products. Sales $44m, profits $3.75m. Ashland-Warren, construction and quarrying division of Ashland Oil. Sales $100.4m, profits $8.6m.

April 1979 for $15m: Summers Electric, electrical equipment distrihntion. Sales $127m, profits $3.02m.

May 1979 for $24.2m: Ramteck Indnstries, oil indnstry equipment engineer. Sales $43m, profits $4.9m.

The opportunistic element kept Tilling out of the U.S. until 1976 when the after effects of the oil crisis reduced the market price of U.S. companies generally to the level where they looked to Tilling like good valne. Tilling prides itself on not paying over the odds for a company — its stated reason for backing away from buying Yale from Eaton and for leaving Fluidrive to Associated Engineering.

But there wera positive and planned criteria as well. Tilling was determined to buy only companies in growth industries which were not highly cyclical and could resist recessions.

These criteria led it into the areas of medical supplies and distribution, wholesale distribution generally with some manufacturing support, the energy field—both in supplying energy exploration and in promoting energy conservation—and construction. All of its U.S. acquisitions fall into these areas with the exception of one insurance company bought to complement Cornhill Insurance.

When it came to the individual choice of companies Tilling opted to steer clear of invalids until it bad more experience in the country.

All of the companies it has hougbt to date satisfy those criteria, according to Mr. Meaney. In the current year they should contribute some 19 per cent or so of group profits.

The next stage of the growth programme is likely to give less emphasis to the U.S. and to turn group attention again to Europe, including UK, which Mr. Meaney describes as "becoming interesting again." Tilling is also "flirting with the developing countries, particularly in the Far East." It already has two small operations in Hong Kong and another starting up in Singapore.

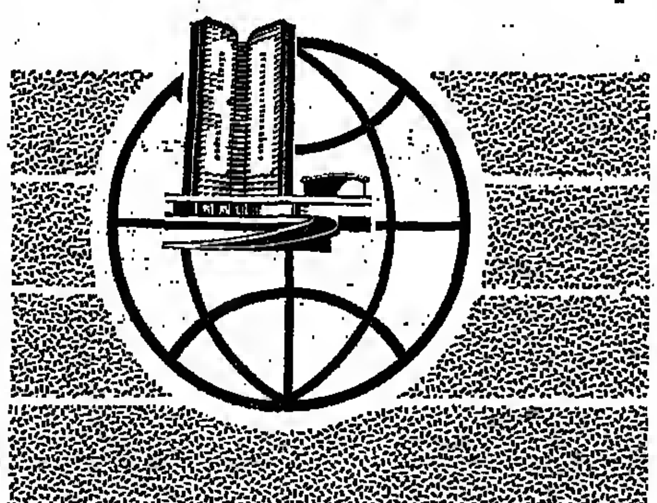
The group is currently reviewing its five-year programme but it seems likely that half its available funds will go into re-equipping and expanding existing companies, and half into subsidiary acquisitions by those companies.

On the other hand, if an opportunity arises for another acquisition outside that scope it is unlikely to be passed over—in the U.S. or elsewhere.

CORRECTION

The following is an amendment to the diagram which appeared on page IV of yesterday's advertising feature on the USSR

Share of CMEA countries in world output



NATIONAL INCOME	1/4
INDUSTRIAL OUTPUT	1/3
TERRITORY	18.7%
POPULATION	10.4%

MINING NEWS

Slow progress in China mining deals

BY KENNETH MARSTON, MINING EDITOR

WHILE British mining firms are still hoping to do business with the People's Republic of China, the flush of optimism that was abroad at the time of the signing of the £7bn economic co-operation pact earlier this year has now faded. The view now is that the clinching of firm contracts with the Chinese, as opposed to letters of intent, is going to take a long time.

The Charter-CJB Mineral Services and Seltrust Engineering groups, for example, submitted their proposals for a possible £1bn mineral deal covering six base-metal projects by the March 31 deadline. But the response which was expected from the Chinese within one month of that date has not yet materialised.

Apart from the scaling down of the more ambitious plans for rapid industrialisation, the Chinese are seeking to renegotiate the terms for earlier contracts with the Japanese which include base-metal projects. Until this question is settled, it seems unlikely that much progress will be made with the Charter CJB-Seltrust deals.

Meanwhile, work on the Chinese code of commercial law, which could have far reaching effects on import contracts and foreign investment, is taking longer to complete than was originally anticipated. It started late last year and was expected to be completed by mid-1979, but is now likely to be delayed by several months.

The Chinese are also thought to have revised their priorities for the industrialisation programme. These are headed by energy, followed by agriculture and light industry. Whether metals have slipped lower on the list is a moot point in view of China's particular needs of copper, lead, zinc and cobalt.

It is also argued that expansion of existing copper operations, for example, would justify a priority rating because this could be done in a relatively short period, say three years, to the point at which metal would be available for export. However, China might prefer a more immediate exploitation of her huge oil reserves in order to secure the much-needed foreign exchange.

These reserves have been estimated at 39bn barrels—equal to America's proved and probable oil reserves—plus a further 40bn barrels offshore. China has delivered its first oil to the U.S. market and it may be that while using oil as a revenue earner China will exploit her huge coal reserves for thermal power generation.

Mt. Newman: strike over soon

THE train drivers strike at Mount Newman, the Western Australian iron ore operation, could be settled within a week, a spokesman for Amax Iron Ore, the marketing agents, said yesterday.

The strike, which has meant no shipments to overseas customers since May 6, led to a declaration of force majeure on deliveries and the loss of an outlet for production which would have been running at about 769,000 tonnes of iron ore per week.

The strike started at the end of April and the force majeure was declared after stockpiled materials had been used up. The result has been that ore carriers have been waiting for loads at Port Hedland and customers in Japan, Europe and the Far Eastern markets have been deprived of supplies.

Negotiations with the unions involved have led Amax, which has a 25 per cent interest in the project, to predict an early end to the strike. It is hoped that the shortfall in deliveries can be made up later in the year.

Earlier it had been predicted that Mount Newman would achieve higher shipments this year than in 1978 when 31m tonnes were sold. Amax remains confident that this prediction will prove well-founded despite the strike.

But the strike has still come at a difficult time. There has been evidence of a recovery in steel industry demand and iron ore customers have already had to contend with the curtailment of deliveries from Brazil earlier this year, when storms caused the loss of production.

The labour problems on this occasion, however, have been confined to Mount Newman, with Mount Goldsworthy and Hamersley working normally, writing another chapter in the erratic history of the Pilbara's industrial relations.

At the beginning of April a new pricing structure for 22m tonnes of Mount Newman's output came into effect when Japanese steel mills agreed to an 8 per cent average increase in prices. Apart from Amax, other shareholders in the venture are Broken Hill Proprietary, Selection Trust and Mitsui-C Itoh.

IN BRIEF

ANCHOR CHEMICAL COMPANY—Results 1978 reported May 2. Group fixed assets £1.26m (£1.34m). Net current assets £0.78m (£0.69m). General level of trading satisfactory and further progress expected in the UK and overseas. Increase in working capital £106,025 (£268,142).

ATLAS ELECTRIC AND GENERAL TRUST—Results for the year to March 31, 1979, reported May 11. UK listed investments at market value £94.8m (£69.67m). Overseas investments £24.6m (£22.7m). Unlisted investments at directors valuation £1.82m (£1.29m). Meeting, 77, London Wall, EC, on June 14 at 2.30.

B. AND I. NATHAN (furniture maker)—Results for 1978, already reported. Fixed assets £1.25m (£1.29m). Net current assets £1.78m (£0.36m). Meeting, Great Eastern Hotel, EC, May 23, noon.

BRITISH - BORNEO PETROLEUM SYNDICATE—Results for March 31 1979 year reported May 10. Investments valuation in UK £11.08m (£8.38m), overseas £637,969 (£1.05m). Working capital decreased £58,134 (£184,570). Meeting, Winchester House, EC, June 14 at noon.

JOHN HEATHCOAT—Turnover for 1978 £13,973,800 (£13,205,200). Profit £235,300 (£486,800) after £202,000 (£110,000) tax. SSAP 15 adopted, comparisons restated. Company is a subsidiary of Coats Patons.

KING AND SHAXSON (bankers)—Results for the year to April 30, 1979, reported May 11. Treasury bills, bank bills and trade bills less rebate £219.68m (£204.87m). Loans secured on assets £247.81m (£240.14m). Meeting, 52, Cornhill, EC, on June 14, at noon.

LAPORTE INDUSTRIES (HOLDINGS) (chemicals group)—Results for 1978 reported May 3 in preliminary statement with prospects. Group fixed assets £44.41m (£38.02m), net current assets £41.2m (£43.13m). Historical pre-tax profit £12.14m (£10.24m) reduced to £6.98m (£6.2m) after extra depreciation £4.54m (£2.66m), cost of sales adjustment £859,000 (£1.78m), less gearing £236,000 (£408,000). Solvay and Cie S.A. held 19.6 per cent of equity, Solvay UK Holdings Company 5.38 per cent. Meeting, 20, Aldermanbury, EC, June 14 at noon.

OIL AND GAS NEWS

U.S. encourages oil shale development

The U.S. Energy Department has invited contractors to submit proposals for the design and construction of a commercial scale surface module for extracting oil from shale.

The department invited bids by July 18 for the programme which has received $16m (£7.8m) in funds from Congress this year. Up to 700bn barrels of oil are thought to be recoverable from high-grade oil shale deposits in Colorado, Wyoming and Utah.

President Carter has proposed, subject to Congressional approval, a $3 a barrel oil shale production tax credit to stimulate commercial exploitation.

The credit would start to be phased out when the world oil price reached $20 a barrel and eliminated when the price hit $23.

* * *

Gaz de France says it has begun construction of a FFr 360m (£39.6m) pipeline to carry Soviet gas into France from West Germany. The pipes will be made by Saint-Gobain-Pont-a-Mousson SA and Vallourec SA.

Gaz de France expects deliveries of Soviet gas to begin in January 1980 at an an annual rate of 4bn cubic metres, and in the following year it expects the pipeline will also carry 3bn cubic metres of Iranian gas annually.

* * *

Japan's Ministry of International Trade and Industry says it plans to work out by next July a five-year programme to explore for oil and gas resources across Japan, mainly on the Continental Shelf.

Under the present plan, the Ministry expects to spend Y40bn to Y50bn in five years starting from fiscal 1980 to drill 100 to 130 test wells.

The Ministry estimates oil and gas reserves in Japan's Continental Shelf, of up to 500 metres, at 1.3bn kilolitres in terms of crude oil.

Official and private surveys conducted so far have led to the discovery of over 200 locations with prospective oil and gas deposits in the Continental Shelf off Japan and 150 spots on land.

The Ministry will call a meeting of advisers in mid-June to discuss details of the five-year programme. It will seek budgetary appropriations for the programme following the advisers' conclusions expected in July.

* * *

The South Korean Government has approved a contract between a Korean oil prospecting operator, KOAM, and Nippon Oil and Teikoku Oil on joint exploration of oil resources in the East China Sea, according to the Hapdoog News Agency.

Prospecting is expected to start next September in a block off the East China Sea Continental Shelf west of Japan's Kyufbun Island.

South Korea and Japan signed a bilateral agreement for joint exploration of the 80,000 square km block in 1974.

Companies and Markets

UK COMPANY NEWS

Record £0.8m at Uniflex

INCLUDING results from acquisitions made during the period, taxable profits of Uniflex Holdings, furniture manufacturer, more than doubled from £322,000 to a record £772,000 for the year ended January 31 1979 on turnover well ahead at £20.26m against £10.67m.

Profit for the 1976-77 year was £533,704.

At halfway profits had risen from £170,000 to £234,000.

In early 1978, T. I. Pel was acquired from Tube Investments and the majority interest in Robert Whiting Designs was purchased.

There was a tax credit for the year of £115,000 compared with a £47,000 charge, and after minorities the attributable balance came through at £882,000 (£275,000).

Earnings per 10p share are shown as 37.46p against a previous 11.73p and the dividend is increased from 2.75p to 3.07084p net.

The directors say provision is not made for deferred tax where it is not expected to become payable in the near future. The tax credit for the year includes £96,911 corporation tax recoverable relating to a prior period.

● comment

There is a strong recovery element in Uniflex's latest figures plus contributions from two acquisitions. Pre-tax profits have more than doubled and are 45 per cent ahead of the 1976-77 peak. But margins, which fell to 3 per cent in 1977-78 from the previous year's 5.1 per cent, are still only 3.8 per cent. This suggests that while the acquisitions and a new range of bedroom furniture added to sales, the contribution to profits is still to flow through. Exports have more than trebled to £1m. This is quite an achievement for a company which, in 1976-77 exported less than £100,000. The shares jumped 8p to 98p yesterday giving a fully taxed p/e of 6 per cent and a yield of 4.9 per cent. The dividend is more than five times covered by fully taxed earnings and 12.2 times covered by stated earnings. Provided margins continue to recover in the current year the shares are very attractive.

£3.66m for Advance Laundries

PRE-TAX profits of Advance Laundries rose from £3.35m to £3.66m in 1978, on higher turnover of £27.37m compared with £22.8m.

At halfway, the subsidiary of British Electric Traction Company turned in a surplus of £1.78m (£1.73m).

Tax for the year took £1.88m (£1.86m), and minorities totalled £529,042 (£435,238). There is an extraordinary credit of £43,658 (£57,832), leaving attributable profit higher at £1.3m, against £1.11m.

The net total dividend is raised from 1.8755p to 2.068p per 10p share, with a 1.768p final.

Ayrshire Metal upsurge to £1.4m

PROFIT GROWTH accelerated in the second half of 1978 at Ayrshire Metal Products and the pre-tax figure for the year finished well up from £0.67m to £1.41m. At the interim stage the advance was from £406,000 to £525,000.

The directors state that the current year has started badly and they warn shareholders not to expect a significant improvement for 1979.

With a final dividend of 3.2885p net the total payment is lifted to a Treasury approved 5p (3.5453p).

The year's profit figure was struck on turnover of £15.13m (£13m) and was before tax of £707,000 (£361,000). After an extraordinary debit of £53,000 the attributable balance emerged at £652,000 (£310,000).

The company's interests lie in light engineering and steel fabrication.

Western Provident expansion

A record growth in business in 1978 for the Western Provident Association is reported by Mr. Alan G. Wright, in his chairman's statement.

Subscription income rose by nearly 60 per cent to £3m and the number of subscribers by over 30 per cent more than 44,000. The company is a lending non-profit medical insurance agency.

The accounts for the year show that claims payments advanced by over 60 per cent to £2.3m, representing 76 per cent of subscription income. After paying covenanted donations and taxation, the surplus and transfer to special reserves amounted to £141,000. At the end of 1978 there was a surplus of £1.7m against the statutory minimum margin of solvency of £600,000.

During 1978 the company introduced two new health service schemes priced at 25p and 40p per week. Preliminary sales figures indicate a good response, says Mr. Wright.

Laughton increases to £1.2m

PRE-TAX PROFITS of Laughton and Sons, the close company whose equity is not quoted, rose from £1.1m to a record £1.2m in 1978. Turnover was ahead at £11.07m, against £10.06m.

Tax took £570,318 (£522,117). After exchange losses, attributable profit came through at £462,825 compared with £317,158.

The total dividend is lifted from 11p to 12p, with a 4p final.

The group makes and sells Stratton compacts, handbag accessories, desk aids and men's jewellery, Twinco domestic plastics and Lady Jane hair care products.

THE INSTITUTE OF TAXATION

The Annual General Meeting of the Institute of Taxation was held on Tuesday, 22nd May 1979 at the Royal Air Force Club, 128 Piccadilly, London, W1. In the course of his address the President, Mr. Michael G. Spofforth, FCA, FTII, emphasised that members of the Institute were the leading tax practitioners in the field and that laymen needing tax advice should approach members to obtain it. He then went on to point out that few comparable institutes have coped with the ravages of inflation over the last five years and maintained services at a reasonable cost to members as successfully as had the Institute of Taxation.

Dealing with the work of the Technical Committee, he said that it had continued to make representations to the Treasury and the Inland Revenue and that by such consultation on the drafting of a Finance Bill considerable time in Committee was saved and certainly a good deal of heartache and wastage of both time and money on subsequent amendments.

He went on to hope that the Chancellor had got the continuous message that high marginal rates of tax stultify growth and effort and only lead to discontent and increasing costs and that a rearrangement of the burden of tax, and as to how it is levied, must be conceived.

Turning to Europe, he stated he would rather see the United Kingdom participating in full and since it must be inevitable that legislation will be promulgated affecting members and their clients, the Institute would, through its membership of the Confédération Fiscale Européenne, bring its influence to bear on the thoughts of the Ministers in Brussels.

3 Grosvenor Crescent, London SW1X 7EL

J. Williams down midway and sees fall for year

PRE-TAX PROFITS of John Williams of Cardiff were well down from £450,000 to £128,000 for the half-year ended March 31, 1979. Turnover was £11.07m against £10.41m.

Mr. H. E. Williams, the chairman, says that although future profitability will recover to former levels, it is unlikely to be achieved completely this year. "The second half will not reach the level of last year," he states.

Second-half figure of £758,000 last time lifted profits to a record £1.21m.

The chairman explains that the architectural division was hit by the accident last winter when some of the company's top management were killed, with a resultant loss in morale and performance.

This, he adds, was compounded by the severe winter and industrial unrest affecting many suppliers and customers. Mr. Williams says the directors are confident they have replaced the top management, and are getting back to last year's performance level.

The weather and industrial unrest also affected the company's foundry, but the Steel Service Centres continued to improve sales and profits.

Earnings are shown as 1.04p (3.43p) per 25p share and the interim dividend is unchanged at 1p net per 25p share. The directors intend to recommend a final at least the same rate as last year.

However, when results for the full year are known, consideration will be given to an increase in the total distribution: last year's final was 1.75p.

	Six months 1978-79 £	1977-78 £
Turnover	11,066,088	10,410,212
Profit before tax	128,000	450,000
Tax	66,600	234,000
Net profit	61,400	216,000
Minority loss	11,400	—
Attributable	72,800	216,000
Preference div.	750	750
Ordinary interim	69,315	69,319

COMPANY NOTICES

CHILEAN GOVERNMENT 5% ANNUITIES
SERIES "A"

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st July 1979 in respect of the above Loan, Bonds for £1520 Nominal have been purchased and the under-mentioned Bonds amounting to £4640 were this day drawn by lot by RICHARD GRAHAM ROSSER (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 1st day of July 1979, from which date all interest thereon will cease:—

TWO Bonds for £500 each

260 417

TWENTY-ONE Bonds for £100 each

619 611 921 1249 1426 1737 2220 2268 2515 2752
2914 3107 3284 3345 3499 3702 3983 4123 4294 4482
4614

SEVENTY-SEVEN Bonds for £20 each

5134 5226 5341 5380 5482 6546 5731 5944 6176 5256
8415 6804 6929 7161 7348 7416 7575 7809 7935 8069
6292 8547 8848 8965 9037 9340 9534 0784 0947 10203
11114 11613 12060 12995 13210 13242 13355 13496 13701 13926
13054 14170 14242 14336 14432 14718 14909 15095 15240 15399
15487 15860 15702 15974 16106 16410 16613 16711 16802 17008
17168 17438 17545 17838 17964 10219 16315 18586 18671 19739
16979 19180 19278 10363 19518 19554 19695

RECAPITULATION

2 Bonds for £500 each	£1000
21 Bonds for £100 each	£2100
77 Bonds for £20 each	£1540
	£4640

The above-mentioned Bonds with coupons due 1st January 1980 and subsequent attached may be lodged for repayment on or after 2nd July 1979 at the office of J. Henry Schroder Wagg & Co. Limited, Coupon department, 120 Cheapside, London, E.C.2., between the hours of ten and two o'clock, and at the offices of Banque de Paris et des Pays-Bas, Amsterdam, Brussels and Geneva; Swiss Credit Bank Lausanne; Société Française de Banque et des Dépôts, Antwerp and Brussels; Société Générale de Banque, Antwerp and Banque Nationale de Paris, Brussels.
LONDON, the 30th April 1079.

CHILEAN GOVERNMENT 5% ANNUITIES
SERIES "B"

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st July 1070 in respect of the above Loan, Bonds for £2520 Nominal have been purchased and the under-mentioned Bonds amounting to £4100 were this day drawn by lot by RICHARD GRAHAM ROSSER (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 1st day of July 1979, from which date all interest thereon will cease:—

TWO Bonds for £500 each

20050 20239

TWENTY-THREE Bonds for £100 each

80447 20640 20778 20958 21158 81538 21677 21802 22013 22212
22564 22656 22846 23330 23838 23855 24014 24146 24101 24327
24450 24588 24894

FORTY Bonds for £20 each

24746 24889 25095 25193 25227 25662 25845 26047 26829 26264
26896 27235 27633 28052 26387 28784 29140 20598 29051 30043
30405 30776 31001 31314 31505 31743 31856 32217 32568 32761
33528 33935 34137 34727 34655 34966 35221 35371 35551 38033

RECAPITULATION

2 Bonds for £500 each	£1000
23 Bonds for £100 each	£2300
40 Bonds for £20 each	£800
	£4100

The above-mentioned Bonds with coupons due 1st January 1080 and subsequent attached may be lodged for repayment on or after 2nd July 1979 at the office of J. Henry Schroder Wagg & Co. Limited, Coupon department, 120 Cheapside, London, E.C.2 between the hours of ten and two o'clock, and at the offices of Banque de Paris et des Pays-Bas, Amsterdam, Brussels and Geneva; Swiss Credit Bank Lausanne; Société Française de Banque et des Dépôts, Antwerp and Brussels; Société Générale de Banque, Antwerp and Banque Nationale de Paris, Brussels
LONDON, the 30th April 107a.

CHILEAN GOVERNMENT 5% ANNUITIES
SERIES "C"

NOTICE IS HEREBY GIVEN that in carrying out the operation of the Sinking Fund of 1st July 1979 in respect of the above Loan, Bonds for £1220 Nominal have been purchased and the under-mentioned Bonds amounting to £9140 were this day drawn by lot by RICHARD GRAHAM ROSSER (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 1st day of July 1970, from which date all interest thereon will cease:—

ONE Bond for £1000

38450

FIVE Bonds for £500 each

36805 36961 37097 37167 37322

FORTY-SEVEN Bonds for £100 each

37488 37551 37646 37778 37896 38043 38061 38318 38354 38422
38450 38772 39108 30333 30308 39514 39803 30892 30735 39825
40057 40318 40432 40469 40779 40822 40010 41131 41104 41309
41504 41759 41928 41059 42038 42232 42200 42574 42644 42788
43201 43386 43459 43624 43819 44020 44184

FORTY-SEVEN Bonds for £20 each

44307 44412 44486 44531 44589 44824 44662 45123 45228 45562
45627 45841 45873 45904 45931 46035 46230 46373 46440 46472
46568 46835 47018 47001 47125 47367 47422 47483 47487 47503
47596 47822 47756 47872 48576 48803 48715 49709 48971 49278
49807 50162 50804 50832 50098 51020 51185

RECAPITULATION

1 Bond for £1000	£1000
5 Bonds for £500 each	£2500
47 Bonds for £100 each	£4700
47 Bonds for £20 each	£940
	£9140

The above-mentioned Bonds with coupons due 1st January 1080 and subsequent attached may be lodged for repayment on or after 2nd July 1970 at the office of J. Henry Schroder Wagg & Co. Limited, Coupon department, 120 Cheapside, London, E.C.2, between the hours of ten and two o'clock, and at the offices of Banque de Paris et des Pays-Bas, Amsterdam, Brussels and Geneva; Swiss Credit Bank, Lausanne; Société Française de Banque et des Dépôts, Antwerp and Brussels; Société Générale de Banque, Antwerp and Banque Nationale de Paris, Brussels.
LONDON, the 30th April, 1079.

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a DIVIDEND of $1.65 (gross) per share of the Common Stock of the Corporation payable on 10th June, 1979, there will become due in respect of BEARER DEPOSITARY RECEIPTS a gross distribution of 8½ cents per unit.

The Depositary will give further NOTICE of the STERLING EQUIVALENT of the net distribution per UNIT payable on and after 15th June, 1979.

THE CORPORATION'S ANNUAL REPORT FOR 1978. Authorised Depositaries are assisting in the distribution of this report to holders of Bearer Depositary Receipts. Copies may also be obtained from Barclays Bank Limited.

Barclays Bank Limited
Securities Services Department
54 Lombard Street
London EC3P 3AH

A.S.E.A.

U.S.$15,000,000 8% 15 YEAR EXTERNAL UNSECURED LOAN OF 1065

Hambros Bank Limited hereby give notice that in accordance with the terms and conditions of the above mentioned Loan, the Redemption for 15th June, 1079, has been effected by the purchase of US$444,000 Nominal Bonds and the balance of Bonds amounting to US$1,148,000 Nominal were drawn on the 3rd May, 1979, for redemption at par. A List of Drawn Bond Numbers may be obtained from Hambros Bank Limited, Stock Counter, 4th Floor, 41, Bishopsgate, London EC2P 2AA. The Drawn Bonds may be presented to the above address or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due 15th June, 1079, should be detached and collected in the usual manner.

For payment in London Bonds must be lodged through an Authorised Depositary. Bonds will be received on any business day and must be left three clear days for examination.

RAUTARUUKKI OY

US$8,000,000 6¾% 15 YEAR EXTERNAL LOAN OF 1964

Hambros Bank Limited hereby give notice that in accordance with the terms and conditions of the above Loan, the Final Redemption due on the 23rd June 1979 will be effected by the drawing at par of all outstanding Bonds. The drawn Bonds may be presented to Hambros Bank Limited, 41, Bishopsgate, London, E.C.2, or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption in London must be lodged through an Authorised Depositary. Bonds will be received on any business day and must be left three clear days for examination.

The following Bonds from the 23rd June 1978 have not yet been presented for payment:—

224 240 247 284 286
298 307 921 2458 4215
4766 5829 6868 7202 7252
7984

23rd May, 1979.

FIVE ARROWS FUND N.V.
(Established in Curacao, Netherlands Antilles)

The Managing Director of the Company, Intimis Management Company N.V., has declared an interim dividend of US$0.30 per share on May 18, 1979 for the year ended December 31, 1078 payable as per May 25, 1979 to holders of shares outstanding as per May 18, 1979.

Holders of Bearer shares are entitled to receive the interim dividend against presentation of Coupon No. 11 with any of the hereafter mentioned agent banks. The interim dividend will be approved in the forthcoming annual meeting of shareholders as the final dividend for year 1978.

AGENT BANKS

Banque Bruxelles Lambert S.A., 2 Rue De La Regence, Brussels, Belgium.
Banque Privee S.A., 18 Rue De Hesse, 1204 Geneve, Switzerland.
Banque Rothschild S.A., 21 Rue Laffitte, Paris 9e, France.
International Pacific Corporation, 66 Pitt Street, Sydney, Australia.
Pierson, Heldring and Pierson (Curacao) N.V., 6 John B Gorsiraweg, P.O. Box 889, Curacao N.A.
Pierson, Heldring and Pierson N.V., Herengracht 21n, Amsterdam, The Netherlands.
Rothschild Bank A.G., Zollikerstrasse 181, 6034 Zurich, Switzerland.
N. M. Rothschild and Sons Ltd., New Court, 51, Swithin's Lane, London, E.C.4, England.

Curacao.
May 23, 1979.

THE BURMAH OIL COMPANY LTD.

7% 1972-1987 Flux 500,000,000.-

Holders of the above mentioned loan are hereby informed that the annual instalment of Flux 50,000,000.- due 30th June, 1970, has been effected by repurchase in the market of an aggregate amount of Flux 80,800,000.- so that no drawing by lot took place.

Bonds drawn in 1970 and not yet presented: nil.

The principal amount of bonds outstanding after the amortisation of 30th June, 1070, will be Flux 400,000,000.-.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

Luxembourg.
May, 1070.

CLUBS

EVE, 169, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

PERSONAL

OWN A MONET, RENOIR OR TOULOUSE-LAUTREC

Collector has for sale, these unique oil paintings. By the master forger of our time, Elmyr de Hory—signed.

Tel: 01-485 4828

2 BEST SEATS required Centre Court for whole second week Wimbledon. Phone Ann Scott, 01-530 3751.

PUBLIC NOTICES

BRIMINGHAM COUNCIL BILLS

The £8m 91 day Bills were issued on the 24th May, 1078, maturing on the 23rd August, 1978. Applications totalled £63m. The minimum price accepted was £97.13½. The average rate of discount was £11.4015%. The total Bills outstanding is £22m.

EAST SUSSEX COUNTY COUNCIL BILLS

£2,000,000 Bills maturing on 22nd August, 1970, were offered and issued on 23rd May, 1070, at an average rate of 11½% p.a. Total applications for this issue amounted to £33,500,000 and there are £6,000,000 Bills outstanding.

HAMPSHIRE COUNTY COUNCIL

£3.5m bills issued 23.5.79 to mature 20.8.79 at a rate of 11 21/64% and £5m issued same date to mature 22.8.70 at a rate of 11½%. Total applications were £66m and the total outstanding amount is £37.5m.

NEWCASTLE-UPON-TYNE CITY COUNCIL

£9,500,000 Bills maturing on 22nd August, 1979, were offered and issued on 23rd May, 1970, at an average rate of 11½% p.a. Total applications for this issue amounted to £47,500,000 and there are £0,500,000 Bills outstanding.

RESIDENTIAL PROPERTY

NICE, FRANCE. Mod. flat near sea, from June. Reasonable, payable £. Long let preferred. Sleeps 3. 862 3828 AM.

TRAVEL

OCEAN RACING 1979

From 4 August—approx. 16 days. Cowes Week/Fastnet: competitor berths available on Class I Ocean Racer. Admiral Cup crew.

For details:

Telephone 01-730 0984/5 or Telex: 27950, Mono Ref. 2680.

CHUG THROUGH THE Chilterns on a colourful canal boat. Bridgewater Boats, Berkhamsted (04427) 3715.

MARBELLA. Weekly flight, hotels/apartments from £99 pp. Tom Hill Holidays. Tel.: 0708 25611.

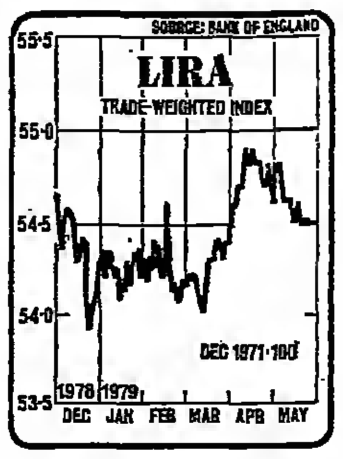
EDUCATIONAL

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar soft

THE DOLLAR lost ground, while sterling staged a late recovery in the foreign exchange market yesterday. The U.S. currency rose to Y219.30 from Y218.80 against the Japanese yen, but declined against most major European currencies, falling to DM 1.9185 from DM 1.9205 against the D-mark, and to SwFr 1.7380 from SwFr 1.7405 against the Swiss franc. The dollar fell to L856.30 from L857.50 in terms of the lira, to



Fl 2.0930 from Fl 2.0940 against the Dutch guilder, and to FFr 4.4450 from FFr 4.4520 against the French franc. On Bank of England figures, the dollar's trade-weighted index rose to 86.9 from 86.8.

Sterling's index rose to 66.7 from 66.6, after standing at 66.5 at noon and 66.6 at the start. The pound opened at $2.0435-2.0445, and fell to a low point of $2.0365-2.0375 in the morning. It recovered to $2.0450 by mid-day, and touched a best level of $2.0455-2.0465 in the afternoon, before closing at $2.0450-2.0460, a rise of 20 points on the day. The Irish punt was firmer, rising to 96.27p from 96.04p against sterling, and to $1.9670 from $1.9625 in terms of the dollar. It also gained ground against other members of the European Monetary System, rising against the Belgian franc to BFr 60.57 from BFr 60.51; the French franc to FFr 8.7465 from FFr 8.7346; the D-mark to DM 3.7740 from DM 3.7719; the guilder to Fl 4.1175 from Fl 4.1065; the Italian lira to L1,683.55 from L1,681.86; and the Danish krone to DKr 10.6680 from DKr 10.6578.

MILAN—The Bank of Italy was a net seller of dollars in official trading. The U.S. currency fell to L855.95 from L 857.55 at the fixing, while EMS currencies, except the Irish punt, gained ground against the lira. The D-mark rose to L446.48 from L445.88, and the Belgian franc to L27.830 from L27.785. Sterling declined to L1,746.80 from L1,750.20.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM1.9168 against the D-mark, compared with DM1.9227 on Monday. In early trading the U.S. currency traded between DM 1.9150 and DM 1.9180. Sterling was fixed at DM 3.9130, compared with DM 3.9260 previously.

NEW YORK—The dollar was slightly weaker in early trading, compared with rates in Europe a few hours before. Trading was quiet, with the statement by Mr. James Schlesinger, U.S. Energy Secretary, that the dollar should remain firm in the short term, having no immediate impact.

TOKYO—The dollar declined in dull trading, to finish at Y218.77½ against the yen, compared with Y219.27½ previously. The U.S. currency opened at Y218.20 to Y218.80. There were no new developments to influence the market.

THE POUND SPOT AND FORWARD

May 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0365-2.0465	2.0450-2.0460	0.33-0.23c pm	1.64	0.68-0.58 pm	1.23
Canada	2.3590-2.3705	2.3690-2.3700	0.25-0.15c pm	1.01	0.60-0.50 pm	0.93
Nethlnd.	4.25¾-4.29	4.28-4.29	1½-½c pm	3.50	4⅞-3¾ pm	3.50
Belgium	62.70-63.10	62.95-63.05	25-15c pm	3.81	55-45 pm	3.17
Denmark	11.05-11.10	11.08½-11.09½	3½-1¼ ore pm	2.43	5-3 pm	1.44
Ireland	1.0365-1.0415	1.0373-1.0383	15-25p dis	−2.31	50-60 dis	−2.12
W. Ger.	3.90-3.93½	3.92¾-3.93¾	2¼-1¼pf pm	5.73	6¾-5¾ pm	5.95
Portugal	101.40-102.00	101.60-101.90	50-110c dis	−9.43	150-250 dis	−7.86
Spain	134.75-135.15	135.05-135.15	15c pm-35c dis	−0.89	10pm-50dis	−1.04
Italy	1,747-1,752	1,751-1,752	par-3 lire dis	−1.03	par-3 dis	−0.34
Norway	10.60-10.66	10.64½-10.65½	3½-1½ ore pm	2.82	9¾-7¾ pm	3.29
France	9.04½-9.10	9.08¾-9.09¾	1¼-¼c pm	0.99	3¾-2¾ pm	1.27
Sweden	8.95-9.00	8.98½-8.99½	1¾ ore pm-½ dis	1.00	4¼-2¾ pm	1.57
Japan	443-453	448¾-449¾	3.00-2.75y pm	7.69	7.80-7.50 pm	6.82
Austria	28.78-28.98	28.90-28.95	20-18 gro pm	6.22	48-38 pm	5.95
Switz.	3.53½-3.56½	3.55¾-3.56¾	3⅜-2⅜c pm	9.70	9¾-8¾ pm	9.98

Belgium rate is for convertible francs. Financial franc 65.40-65.50. Six-month forward dollar 1.32-1.22c pm; 12-month 2.37-2.27c pm.

THE DOLLAR SPOT AND FORWARD

May 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0365-2.0465	2.0450-2.0460	0.33-0.23c pm	1.64	0.68-0.58 pm	1.23
Ireland†	1.9640-1.9710	1.9650-1.9700	0.75-0.60c pm	4.12	1.75-1.60 pm	3.30
Canada†	86.35-86.45	86.38-86.41	0.06-0.04c pm	0.69	0.09-0.06 pm	0.35
Nethlnd.	2.0900-2.0930	2.0905-2.0925	0.47-0.37c pm	2.41	1.38-1.28 pm	2.54
Belgium	30.75-30.83	30.79½-30.81	7-5½c pm	2.43	15-13 pm	1.82
Denmark	5.4210-5.4270	5.4215-5.4230	0.75-0.25 ore pm	1.11	0.75-0.25 pm	0.32
W. Ger.	1.9165-1.9190	1.9177-1.9187	0.70-0.60pf pm	4.07	2.22-2.12 pm	4.52
Portugal	49.70-49.85	49.72-49.82	33-48c dis	−9.64	90-140 dis	−9.24
Spain	66.00-66.15	66.04-66.07	2c pm-8 dis	−0.54	20-30 dis	−1.51
Italy	855.70-857.00	855.75-856.25	1.20-1.70 lire dis	−2.04	3.10-3.60dis	−1.56
Norway	5.2030-5.2090	5.2040-5.2050	0.85-0.35 ore pm	1.38	3.10-2.60pm	2.19
France	4.4420-4.4480	4.4455-4.4475	par-0.15c dis	−0.20	par-0.25dis	−0.11
Sweden	4.3895-4.3935	4.3885-4.3895	0.20 ore pm-par	0.27	0.90-0.70 pm	0.73
Japan	218.75-219.75	219.30-219.50	1.20-1.10y pm	6.29	3.10-3.00 pm	5.56
Austria	14.11½-14.14	14.13-14.13½	5.20-4.70 gro pm	4.20	14½-13 pm	3.89
Switz.	1.7365-1.7400	1.7380-1.7390	1.30-1.20c pm	8.63	3.95-3.85 pm	8.97

†UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.616358	0.642081
U.S. $	9½	1.26479	1.31113
Canadian $	11¼	Unavail.	1.51671
Austria Sch.	3¾	17.9221	18.5723
Belgian F.	9	39.0504	40.4549
Danish K.	8	6.87413	7.12468
D mark	4	2.42181	2.51091
Guilder	6½	2.65290	2.74839
French Fr.	9½	5.63401	5.83612
Lira	10½	1094.56	1134.29
Yen	4¼	277.406	288.409
Norwgn. K.	7	6.56209	6.77616
Spanish Pes.	8	83.6671	86.7116
Swedish Kr.	6½	5.56385	5.77462
Swiss Fr.	1	2.20554	2.28464

CURRENCY MOVEMENTS

May 22	Bank of England Index	Morgan Guaranty changes %
Sterling	66.7	−37.7
U.S. dollar	86.9	−7.1
Canadian dollar	82.0	−15.9
Austrian schilling	144.7	+16.5
Belgian franc	113.4	+12.7
Danish kroner	114.4	+5.3
Deutsche Mark	149.1	+41.6
Swiss franc	196.3	+80.1
Guilder	123.3	+19.1
French franc	97.7	−7.4
Lira	54.5	−48.9
Yen	162.5	+61.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4214	+2.47	+1.80	±1.53
Danish Krone	7.08592	7.12271	+0.52	−0.14	±1.635
German D-Mark	2.51064	2.51804	+0.29	−0.37	±1.1325
French Franc	5.79831	5.83744	+0.68	+0.01	±1.35
Dutch Guilder	2.72077	2.74528	+1.05	+0.39	±1.5075
Irish Punt	0.662638	0.667634	+0.76	+0.10	±1.665
Italian Lira	1148.15	1124.83	−2.03	−2.03	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER MARKETS

May 22	£	$		Note Rates
Argentina Peso	2530-2560	1237-1247	Austria	28¼-29¼
Australia Dollar	1.8470-1.8530	0.9030-0.9060	Belgium	65½-66½
Brazil Cruzeiro	46.89-50.89	24.40-24.85	Denmark	11.05-11.15
Finland Markka	8.18-8.19	4.0000-4.0040	France	9.00-9.15
Greek Drachma	75.519-77.341	36.92-37.81	Germany	3.87-3.97
Hong Kong Dollar	10.3375-10.3475	5.0490-5.0535	Italy	1,720-1,760
Iran Rial	148.15-154.25	71-75	Japan	436-445
Kuwait Dinar (KD)	0.566-0.575	0.2773-0.2798	Netherlands	4.25-4.35
Luxembourg Frc	62.96-63.05	30.76-30.80	Norway	10.60-10.70
Malaysia Dollar	4.54-4.55	2.2196-2.2245	Portugal	98-101
New Zealand Dlr	1.8880-1.9460	[illegible]	Spain	133-136
Saudi Arab. Riyal	6.89-6.99	3.4005-3.4009	Switzerland	3.50-3.60
Singapore Dollar	4.50-4.51	2.2000-2.2050	United States	2.03-2.05
Sth. African Rand	1.7150-1.7250	0.8385-0.8435	Yugoslavia	41¼-43¼

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.45-10.55 per cent; six months 10.65-10.75 per cent; one year 10.65-10.75 per cent.

May 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11½-11¾	10¼-10¾	9½-10½	7-7¼	1¼-1¾	5¼-5½	8-8½	10-11	—	8½-7¼
7 days' notice	11½-12¼	10½-10¾	10½-10¾	7¼-7½	1½-1¾	5⅝-5¾	10-10½	12-13	10¼-10⅜	[illegible]
Month	11⅞-12⅛	10¼-10⅜	10¼-11⅛	7⅝-7⅞	1⅝-1¾	5⅝-5¾	10¼-10⅝	11-16	10⅛-10¼	[illegible]
Three months	12⅛-12⅜	10⅜-10½	10⅜-11⅛	7⅝-7⅞	1½-1⅝	6-6⅛	[illegible]	11½-12½	10⅜-10½	[illegible]
Six months	12½-12⅞	10⅝-10¾	10¾-11⅛	8-8¼	[illegible]	6⅜-6½	10⅝-11	12-16	10⅝-11	[illegible]
One year	12-12¼	10⅝-10⅞	11-11⅜	8¼-8⅝	2¼-2⅜	6½-7½	10½-11	12½-16½	10⅝-11	6-6½

Long-term Eurodollar deposits: two years 10⅛-10⅜ per cent; three years 10⅛-10⅜ per cent; four years 10-10⅛ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

May 22	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.045	3.925	448.8	9.093	3.558	4.286	1752.	2.370	63.00
U.S. Dollar	0.489	1.	1.920	219.4	4.445	1.739	2.096	856.6	1.158	30.80
Deutschemark	0.255	0.521	1.	114.3	2.316	0.906	1.091	446.0	0.603	16.04
Japanese Yen 1,000	2.228	4.558	8.752	1000.	20.26	7.928	9.549	3903.	5.280	140.4
French Franc 10	1.100	2.250	4.319	493.5	10.	3.913	4.713	1926.	2.606	69.29
Swiss Franc	0.281	0.575	1.104	126.1	2.556	1.	1.204	492.6	0.666	17.71
Dutch Guilder	0.633	0.477	0.917	104.7	2.122	0.830	1.	408.8	0.553	14.70
Italian Lira 1,000	0.571	1.168	2.242	266.2	6.181	2.061	2.445	1000.	1.355	35.97
Canadian Dollar	0.488	0.863	1.658	166.4	3.837	1.501	1.808	739.2	1.	26.58
Belgian Franc 100	1.567	3.247	6.234	716.3	14.43	6.647	6.802	6780.	3.761	100.

INTERNATIONAL MONEY MARKET

German liquidity move

The Bundesbank yesterday announced its intention to repurchase DM 3.18bn of money market paper to increase liquidity in the banking system. The Bank had previously indicated its intention to implement the early redemption of some money market paper, and this was taken mainly as a reflection of the tighter conditions caused by recent heavy foreign exchange outflows.

Money market rates reacted with a rise in call money to 5.30-5.40 per cent compared with 5.10-5.20 per cent on Monday. One-month money eased, however, to 5.50-5.60 per cent from 5.55-5.65 per cent as did the three-months rate to 5.80-6.00 per cent from 5.90-6.00 per cent. Six-month money was unchanged at 6.20-6.40 per cent while 12-month money was quoted at 6.90-7.10 per cent against 7.00-7.10 per cent previously.

NEW YORK—Fed funds were trading at 10¼-10⅜ per cent yesterday, slightly up from earlier with some nervousness in early dealings ahead of the Federal Open Market Committee. However, market sources tended to point towards a neutral outcome, with the Fed unlikely to implement any further tightening in its credit policy.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were firmer yesterday, with one-month deposits at 7⅞-8 per cent compared with 7⅞-7⅞ per cent on Monday, and three-month deposits at 8¾-8⅞ per cent against 8⅝-8⅞ per cent. The six-month rate rose to 9-9¼ per cent from 8¾-9 per cent while 12-month deposits were also quoted at 9-9¼ per cent from 8⅞-9⅛ per cent previously.

PARIS — Day-to-day money rose to 7¼ per cent from 7 per cent on Monday while longer term rates were unchanged. One-month money was quoted at 7¼-7⅜ per cent; three-month at 7⅞-7⅞ per cent; six-month at 8⅛-8¼ per cent and 12-month money at 8⅜-8⅞ per cent.

AMSTERDAM — Interbank money rates showed little overall change although call money slipped to 6⅞-7 per cent from 7-7¼ per cent. One-month money was quoted at 7⅜-7½ per cent against 7⅜-7⅝ per cent with three-month money at 7⅞-7⅞ per cent from 7⅞-8 per cent. The six-month rate stood at 8⅛-8⅜ per cent against 8⅛-8⅜ per cent previously.

HONG KONG — Conditions in the money market were quite tight during the morning, although conditions tended to ease during the afternoon. Call money was quoted at 10¾ per cent with overnight business dealt at 10 per cent.

UK MONEY MARKET

Small shortage

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a small number of Treasury bills and a small amount of corporation bills, all direct from the discount houses. Total assistance was termed as small. Discount houses were paying 11½-11¾ per cent for secured call loans at the start with closing balances taken between 11 per cent and 11½ per cent. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements and a small increase in the note circulation. On the other hand, there was a very small number of Treasury bills maturing outside official hands.

In the interbank market, overnight loans opened at 11¾-11⅞ per cent and eased to 11⅝-11⅞ per cent before rising on the forecast to 11⅞-11¾ per cent. Rates tended to ease slightly after this and touched 11¼-11½ per cent before firming to 11½-11¾ per cent. However after falling to 10-10½ per cent, late demand pushed up the rate to 12-12½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 28 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-12½	—	—	—	11¾	11¼-11¾	—	—	—
2 days notice	—	—	11¾-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¾-11⅞	11¾-12	—	12¼	12⅛	11⅝-11¾	—	—	—
One month	11⅞-11⅞	11½-11⅞	11⅞-12	12½-12¼	12¼	12¼	11¾	11⅞-11⅞	12	12½
Two months	11⅞-11¾	11⅞-12⅛	—	12⅜-12	12¼	—	11⅝	11⅝-11⅞	11⅞	12⅜
Three months	11⅞-11⅞	11⅞-12⅛	11⅞-12	12⅜-12	12⅛	12¼	11⅝	11⅞-11⅞	11¾-11⅞	12¼
Six months	11⅞-11⅞	11⅞-12	11½-11¾	11¾-12	12	—	—	—	11⅞-11⅞	12¼
Nine months	11⅞-11⅝	11¾-11⅞	—	11⅞-11½	11⅞	—	—	—	—	—
One year	11⅞-11⅞	11⅝-11¾	11½-11⅞	11⅞-11½	11⅞	—	—	—	—	—
Two years	—	—	11½-12⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 11¾-12¼ per cent; four years 12⅛-12⅜ per cent; five years 12⅜-12⅝ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅞-11⅞ per cent; four-month trade bills 12¼ per cent.

Approximate selling rate for one-month Treasury Bills 11⅞ per cent; two-month 11⅞-11⅞ per cent; three-month 11 27-64ths-11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-month 11⅞ per cent; and three-month 11⅞-11⅞ per cent; one-month trade bills 12⅜ per cent; two-month 12¼ per cent; and three-month 12¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4598 per cent.

GOLD

Further record

Gold rose $2 to another record closing level of $265½-266½. It opened at $264½-265½, the lowest level of the day, and rose to an all time high of $266½-267½ after lunch, but before the New York market opened. Trading was heavy, with further speculative buying encountering selling at the higher levels.

	May 28	May 21
Gold Bullion (fine ounce)		
Close	$265½-266¼ (£129.9-130.3)	$263½-264¼ (128.9-129.3)
Opening	$264½-265¼ (£129.5-129.9)	$260½-261¼ (£127.5-167.9)
Morning fixing	$266.10 (£130.007)	$261.05 (£167.828)
Afternoon fixing	$263.40 (£129.839)	$262.00 (£128.142)
Gold Coins, domestically		
Krugerrand	$286-290 (£140-142)	$286½-288½ (£140½-141½)
New Sovereigns	$76½-76½ (£36-37)	$73½-76½ (£36-37)
Old Sovereigns	$81½-83½ (£40-41)	$ — (£ —)
Gold Coins, internationally		
Krugerrand	$274¾-276¾ (£134½-136½)	$270-272 (£162-133)
New Sovereigns	$69-71 (£33½-34½)	$67½-69½ (£33-34)
Old Sovereigns	$88¼-90¼ (£43¼-44¼)	$88½-89½ (£43-44)
$20 Eagles	$445-450	$449-457
$10 Eagles	$233-238	$ —
$5 Eagles	$161-166	$ —

In Paris the 12½ kilo gold bar was fixed at a record FFr 39,750 per kilo in the afternoon ($278.25 per ounce), compared with FFr 39,750 ($273.37) in the morning, and FFr 39,000 ($272.31) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 16,425 per kilo ($266.50 per ounce), compared with DM 16,220 ($262.22) previously.

MONEY RATES

NEW YORK

Prime Rate	11.75
Fed Funds	10.3125
Treasury Bills (13-week)	9.74
Treasury Bills (26-week)	8.50

GERMANY

Discount Rate	4
Overnight Rate	5.35
One month	5.55
Three months	5.90
Six months	6.30

FRANCE

Discount Rate	6.5
Overnight Rate	7.25
One month	7.3125
Three months	7.8125
Six months	8.1875

JAPAN

Discount Rate	4.25
Call (Unconditional)	6.0625
Bills Discount (three-month)	5.625

NORTH AMERICAN NEWS

Tyre profits setback at Firestone

BY JOHN WYLES IN NEW YORK

FIRESTONE Tire and Rubber Company's programme for replacing up to 13.5m allegedly defective tyres is depressing earnings and increasing its dependence for profits on metal and chemical operations.

This picture emerges from the publication yesterday of second quarter earnings for the period ended April 30. Although Firestone's net income of $32.6m (57 cents per share) was obviously better than last year's $44.4m loss after a $73m write-off for plant closures, operating earnings from tyres and related products which account for 80 per cent of total sales was apparently lower than in the same period last year. Since the company began replacing its controversial 500 steel-belted radials at the end of October, it has delivered some 2.6m new tyres either free of charge or at half price. While the programme has boosted factory output by between 10 and 15 per cent and thus reduced unit costs it has set back the company's ability to sell its tyres in the replacement and original equipment markets.

Nevertheless, Firestone has not been as badly wounded by the 500 debacle as some analysts had feared and its progress is believed to have been a factor in its unsuccessful efforts to secure better terms from the proposed merger with Borg-Warner which was abandoned a month ago.

Mr. Richard A. Riley, chairman and Mr. Mario Di Federico, president, also cited intense price competition in the U.S. replacement market and inability to recover fully higher costs through original equipment prices for the "disappointing" decline in operating profit from the tyre business in the first half of the fiscal year.

The need to give priority to recall requirements reduced sales of Firestone brand radial passenger tyres in the replacement market. "But sales and recall needs appear to be coming more into balance," said the two top executives yesterday.

The time limit for replacing st half price some 6m 500 radials expired on March 1 but the company is uncertain what its remaining liability still is. Estimates range between 3m and 5m for free replacements still needed.

Firestone does not disclose operating earnings from its various product groups but metal and industrial rubber products, chemicals and overseas earnings were all higher than in the same period last year. Despite this the company's earnings were lower than in the corresponding quarter in 1977 which indicates a marked decline in the profitability of the U.S. tyre business.

Sales during the second quarter rose from $1.23bn to $1.35bn and for the six months from $2.30bn to $2.56bn. Six months net earnings were $67.4m compared with a $37m loss because of write-offs for plant closures.

Earnings soar at Litton

By Our Financial Staff

NET EARNINGS at Litton Industries more than doubled in the third quarter, to a total of $51.4m, or $1.33 a share against 5 cents. At $1.09bn, sales rose by 27 per cent. This lifts the nine-month earnings total to $117.5m, a gain of 73 per cent, with share earnings rising from $1.70 a share to $3.01. Sales gained 13 per cent to $3.07bn.

The business equipment sector continued to lead the group ahead, both in sales and earnings. This sector of the group showed the sharpest increase, but there were gains also in capital goods and defence sales.

Incoming orders remain strong, with backlogs at record levels in most product categories.

Poor trading at FCS-FB

FINANCIERE Credit Suisse-First Boston (FCS-FB), the Swiss holding company which accounts for much of the international bond business of Credit Suisse (with a 49 per cent stake) and First Boston (33.5 per cent), earned only $44,000 in the six months to December 31, failing to cover the dividend, reports AP-DJ.

Earnings were depressed by higher interest rates disrupted the eurobond market.

Sears Roebuck margins better

BY OUR NEW YORK CORRESPONDENT

RISING INTEREST costs and declining profits in its insurance business have contributed to a slight reduction in first quarter earnings at Sears Roebuck, the largest department stores group in the U.S. But the company's first quarter report contains some evidence that the group's new retailing strategy aimed at improving profit margins is beginning to pay dividends.

First quarter net income at Sears amounted to 150m, equal to 47 cents a share, compared with $155.4m or 48 cents a share in the same period last year.

But the company reports that pre-tax operating income climbed sharply, from $174.2m to $217.6m, in spite of a fall in sales revenues from $4.07bn to $3.63bn.

Mr. Edward R. Telling, Sear's chairman, said that increased interest expense reduced earnings by 4 cents a share as a result of higher interest rates.

He pointed out, however, that operating profit margins on sales in the retail business in the first quarter were 6 per cent compared with 4.3 per cent a year ago.

He predicted that sales and inventories will increase in the months ahead, and he is expecting second quarter earnings to be higher than last year's 63 cents a share.

Progress for U.S. retailers

BY OUR FINANCIAL STAFF

FURTHER indications of trading progress in the retail sector have come in the form of a major upswing in the first quarter at K. Mart Corporation, a substantial turnround into profit at G. C. Murphy and a higher dividend from R. H. Macy.

But K Mart, the nearest rival to Sears Roebuck among domestic non-food retailers, as well as the largest discount trader in the U.S., pushed net earnings ahead by 25 per cent to $45.6m, or from 28 cents to 37 cents, on sales of $2.62bn.

K Mart said the later Easter selling season and more favourable weather compared with last year were the main factors in the first quarter improvement.

Clothing sales improved significantly from 1978 levels, as did sales in the automotive and sporting goods departments. First quarter results included foreign currency translation losses of three cents a share compared with a "minimal effect" in 1978.

K Mart also said that inflationary adjustments to inventories under the last-in first-out method of accounting affected first quarter earnings by nine cents a share compared with four cents a share last year.

Meanwhile, R. H. Macy, the New York and San Francisco department store group, is lifting the quarterly dividend from $4\frac{1}{2}$ cents a share to $4\frac{1}{2}$ cents, following a rise of 47 per cent to $5.3m in net earnings or from 35 cents to 50 cents a share for the third quarter, on sales increased by 14 per cent to $439.5m.

Nine month earnings are now 13 per cent up at $59.2m or $5.64 against $5.21 a share, on sales 11.9 per cent up at $1.59bn.

G. C. Murphy which was badly hit by the bad weather in the 1977-78 winter, reported earnings for the first quarter of 1979 of $2.3m or 60 cents a share. Sales of $165.9m compared with $144.5m last time, when a loss of $161,000 was reported.

Rise in Brazilian car output

BY DIANA SMITH IN RIO DE JANEIRO

IN THE first four months of 1979, Brazil's car industry, where Volkswagen leads the field with nearly 50 per cent of the market, and General Motors, Ford and Fiat vie for as big a share as they can get of the remainder, produced 341,641 vehicles and sold 339,142 of which 30,274 went for export: 4 per cent more than the same period of 1978. In April alone, production rose by 15 per cent compared with April, 1978, to 93,256 units. In April, 1978, 81,036 units were manufactured.

A Brazilian can expect to spend at least $3,000 on a new car. While the majority are bought on hire purchase, for which instalments have been reduced by Government decree from 24 to 18 months, making each month's outlays more expensive, cash purchases are surprisingly high for a country where the majority of the active population earns only the national minimum of Cr 2,264 ($91) a month and the average industrial wage is about $275 a month.

GPU gains short-term finance

PARSIPPANY — Short-term financing arranged by General Public Utilities should allay fears that the Three Mile Island nuclear accident would prevent the company's subsidiary, Jersey Central Power and Light from meeting its $16m purchased power bill for April, General Public said.

Arrangements had been made for $8m of 60-day secured financing with a group of banks.

The two other General Public Utilities' subsidiaries, Metropolitan Edison and Pennsylvania Electric, have sufficient funds to meet their April purchase power bills, GPU said.

The group's chairman Mr. William G. Kuhns said that the latest arrangements were separate apart from the utility's continuing efforts to obtain $400m in revolving credit with a group of New Jersey, Pennsylvania and New York banks.

"We realise that a revolving credit agreement is difficult to reach under the present climate," he added.

AP-DJ

U.S. QUARTERLIES

[illegible]		
Second quarter	1979	1978
	$	$
Revenue	682.9m	502.1m
Net profits	33.83m	30.2m
Net per share	0.90	0.80
Six months		
Revenue	1.21bn	980.7m
Net profits	54.22m	42.58m
Net per share	1.36	1.12
FIRST CHICAGO		
First quarter	1979	1978
	$	$
Net profits	33.93m	31.06m
Net per share	0.86	0.78
[illegible]ESCO		
Third quarter	1979	1978
	$	$
Revenue	231.8m	243.5m
Net profits	16.43m	†323,000
Net per share	10.58	0.10
Nine months		
Revenue	792.7m	784.2m
Net profits	3.25m	17.16m
Net per share	0.05	1.14
† Loss.		
[illegible]NISCHFEGER		
Second quarter	1979	1978
	$	$
Revenue	136.8m	122.5m
Net profits	2.46m	4.50m
Net per share	0.28	0.51
Six months		
Revenue	256.5m	243.9m
Net profits	†130,000	9.34m
Net per share	—	1.06
† Loss.		

CONTINENTAL OIL

Domestic prospects looking brighter

BY DAVID LASCELLES IN NEW YORK

LIKE A lot of big oil companies these days, Continental Oil (Conoco) is keeping an anxious eye on Britain's new Conservative Government to see what it does about the petroleum revenue tax (PRT).

At a recent analysts' meeting, Mr. Ralph Bailey, the company's new chairman, ranked PRT along with OPEC pricing policies as the two main factors affecting Conoco's international operating environment this year, which is not surprising.

Conoco, the ninth largest oil company in the U.S., has spent over $400m on its stake in a number of North Sea wells, and production is taking off. Last year Conoco got its first oil from the Thistle Field, about 20,000 barrels per day. This year, Murchison will come close to 60,000 b/d with the acceleration of production at the Dunlin field.

But the big jump comes next year with the start-up of Murchison and Statfjord A and B fields, which will raise Conoco's total production to 100,000 b/d by 1984. In the second half of the 1980s, Statfjord C and Hutton will take it higher still, to about 120,000 b/d.

These new sources of oil will help put Conoco's foreign production at twice its domestic. Although exploration and production activities will continue in countries which have promising prospects and "main-line commercially sound contractual arrangements" i.e. the UK, Norway, Dubai, Indonesia, Libya, Egypt and others, there is a marked switch of emphasis back to the U.S., a trend which is now fairly common in the U.S. oil industry.

Of Conoco's $180m worldwide exploration and expense budget this year, two-thirds will be spent in the U.S. For the first time in about five years it will drill more exploratory wells in the U.S. than abroad.

One of the reasons for this shift is Conoco's concern about the continuing decline of its U.S. reserves. These fell a further 8.6 per cent last year to 413m barrels. Another is the prospect of decontrol of U.S. oil prices under President Carter's new energy programme.

Although some of the benefits would be cancelled by a windfall profits tax, Conoco estimates that it will still earn an extra $190m after royalties in the 28-month period from June 1979 to September 1981 during which controls are phased out.

Exploration will be concentrated in and around the Gulf of Mexico, Oklahoma, the Overthrust Belt in the Rockies, and the Baltimore Canyon, though hopes here are fading fast.

Conoco has a good balance between oil production and consumption. Last year it obtained 480,000 b/d and consumed 455,000 b/d in its downstream activities. But though oil supplies have become more uncertain since the Iranian revolution and disrupted refining operations, Conoco believes that the prospects for downstream petroleum operations are good, particularly in the U.S.

Among the reasons it cites is the shortage of refining capacity which has enhanced the value of refined products, along with the small likelihood that current environmental restraints will permit capacity to be expanded rapidly in the near future. Against this the growth in demand for petroleum products is likely to slow down.

In the meantime, though, Conoco believes that world oil supplies will be very tight in the coming months, and the world will be lucky if it just squeaks by. In the U.S., refinery throughput must be stepped up sharply if a critical shortage of petrol and heating oil is to be avoided.

Among its non-oil activities, Conoco's coal subsidiary, Consol, the second largest in the U.S., has increased earnings due to higher labour productivity. But Conoco maintains that Government environmental standards are still too tough, and that U.S. coal production capacity will remain surplus to needs until policies are relaxed.

In the longer term, Conoco expects coal to come into its own as the gap between supply and demand for oil and gas widens, so it is stepping up Consol's investment.

Its minerals division, which depends largely on uranium, has suffered a potential setback with the Three Mile Island nuclear accident. But though Conoco sees demand falling in the short term, it argues that the U.S. cannot ignore uranium as a fuel for its growing energy needs, so it is continuing to invest there too.

"The minerals division is part of Conoco's attempts to expand outside its traditional business areas, and this policy of diversification continues.

According to Mr. Bailey, "We currently have no specific plans to do so, but we will continue to examine the possibility."

Financially, Conoco expects a "substantial" improvement on last year's profits of $451m, with better results in all areas of its petroleum business, coal and chemicals, and no worsening in the losses of the minerals division. The company's long term plan is to double or triple its 1978 earnings by 1985.

Continental Oil's first-quarter net income amounted to $161.8m or $1.50 a share, compared with only $36.5m or 34 cents a share in the corresponding period of 1978. Earnings in last year's period were severely depressed by coal strikes. Coal activities contributed $26.7m to this year's first quarter (in 1978 coal losses were $52m), petroleum accounted for $132.7m (1978 $90.6m), and chemicals $13.5m ($14m) while mineral losses were $1.7m (down from $2.1m). Net charges for corporate items totalled $9.4m ($14m). Of the petroleum income, $74.4m ($51.3m) derived from U.S. business.

Continental Group plans $340m bid

By Stewart Fleming in New York

CONTINENTAL GROUP, which claims to be the world's largest producer of cans, is joining the ranks of corporations diversifying into natural resource businesses with the proposed purchase of Florida Gas, a gas transmission and exploration company for $340m.

The move represents another step in a diversification programme which has already resulted in the acquisition of a life assurance company, Richmond Corporation in 1977 for $317m.

Tbst pressure has now eased.

Continental Group operates world wide. Last year net profit hit $126.2m on sales of $3.9bn of which $2.3bn was in the can division, $883m in forest products operations and $749m in diversified businesses which include plastic packaging.

Of the total sales of $3.9bn, some $2.6bn are in the U.S., about $933m in the Common Market countries and $319m in Canada.

The company's diversification moves have attracted some criticism from a number of analysts who argue that the management is attempting to compensate for the inadequate performance of its underlying business.

Earnings have been on a plateau since 1974 when net profit reached $119.5m on sales of $3bn. Last year's results were hit by an anti-trust settlement and foreign currency translation losses however, which knocked $1.46 a share off earnings to make a final total of $3.47 a share.

Takeover rumours have been circulating around Florida Gas following an announcement from the management that they were in talks with a number of companies. Although it is a regulated company and therefore limited in its pipeline business on the rate of return on assets it can earn, the company is an attractive takeover target because of its stable earnings growth and cash flow.

It has the added allure of a base in natural resources exploration, a fashionable field for investment.

Under the proposed terms of the deal which has been agreed between Continental group, the Florida gas shareholders will receive a package of Continental preferred stock, debentures and at least $12.50 in cash for each share. The combined value of the package is estimated to be worth around $50 a share.

INTERNATIONAL CAPITAL MARKETS

Austrian bank arranges floating rate note issue

BY FRANCIS GHILES

CREDITANSTALT Bankverein of Austria is arranging an $80m floating rate note issue through European Banking Corporation and Credit Suisse First Boston. Half the amount of the issue will be issued in the traditional way while a further $40m remains for issue between now and next May on the same terms but at a price agreed between the borrower and European Banking Corporation.

This FRN will have a maturity of 12 years, extendable at the note holder's option to 1997. The borrower will pay an interest rate of ¼ per cent over the mean of the bid and offer three month London interbank rate. The minimum coupon has been set at 5½ per cent. Such "quasi tap" issues have been arranged before in the straight bond sector of the market but this is believed to be the first time it has been done with a floating rate note. Another novelty is that the note is subordinated to CA's depositors and other creditors.

It was announced last week that a $40m FRN due in 1981 for the same borrower is to be redeemed at par on June 18. Prices in the secondary FRN market were firm again yesterday with dealers reporting good turnover.

In the straight sector of the dollar market trading volume was low and prices essentially unchanged.

The first sterling Eurobond for two months is being arranged for the European Investment Bank by Kleinwort Benson. The amount is £25m for 12 years and an indicated coupon of 11½ per cent. A purchase fund will start operating immediately which will reduce the life of the bonds to 8.6 years. The bonds are expected to be priced at a discount.

This suggests they will yield slightly above what the outstanding EIB sterling dominated issues do at present. The 9¾ per cent of 1988 yield 11.12 per cent, while the 9¾ per cent of 1992 yield 11.42 per cent.

Sterling Eurobonds were on average ¼ point off yesterday with turnover said by most dealers to be fairly low. The two most recent issues, for GEC and FFI, are currently quoted above par, the first at 101, the second at 103, yielding respectively 12.32 per cent and 12.50 per cent.

Prices of Deutsche-Mark denominated bonds eased by an average of ¼ to ½ point yesterday as the West German government offered Schuldscheine notes with a yield of 8.03 per cent. This is the first time in a long while that domestic government bond yields have gone above the 8 per cent level for 10-year paper.

According to German bankers the Government funding needs are such in the coming months that investors expect yields to move up even further. Bankers also say that the authorities should have increased interest rates much more quickly than they have in recent weeks in an attempt to convince investors that a new level of yields had been firmly set.

MEDIUM-TERM LOANS

Petroperu organises $388m refinancing of oil import bill

BY ROSEMARY BURR

CHASE MANHATTAN Bank and Banco de la Nacion, Peru's government owned commercial bank, have been jointly asked by Petroperu, the Peruvian state oil company, to handle a $388m refinancing. The loan package, which will be guaranteed by the Republic of Peru, is expected to carry a spread of 1⅞ per cent throughout its five year life.

The grace period will be two years and the management fee is thought to be 1 per cent. The funds will be used to refinance the short-term debt raised by Banco de a Nacion in order to subsidise the purchase by Petroperu of high cost oil imports from the OPEC countries.

Peru was a net importer of oil during 1978 but this situation has been reversed and Peru is currentlyy producing roughly twice the amount required for domestic consumption.

Although bankers remain cautious about providing fresh funds for the Peruvians, several leading North American banks have submitted bids for project related deals. According to market sources Libra Bank, the London-based consortium bank, is currently working on a loan which is project linked in the region of $30m.

This revival of interest in Peru comes at a time when there are growing signs of improvement in the Peruvian economy. It is believed that the foreign exchange position of the central bank at the end of March was $200m. This compares favourably with the situation a year ago when the country was almost completely depleted of foreign exchange.

Petroperu was the first Peruvian borrower to tap the Euromarkets following the recent re-scheduling agreement signed with the IMF and commercial banks. This $35m pre-export financing, part of the $388m being refinanced, was arranged by Libra Bank on a club basis with three of its shareholders, Chase Manhattan Bank, Royal Bank of Canada and Swiss Bank Corporation. Part of this credit, which was guaranteed by the Banco de la Nacion, carried a spread of 1½ per cent over interbank rates.

Meanwhile, discussions are taking place on a $30m eight-year loan for the Republic of Bolivia. Details of the terms of the transactions, which is expected to be led by Interunion-Banque in Paris, have yet to be finalised.

In Venezuela, Sumitomo Finance International has been mandated by the Corporacion de Turismo to raise a 12-year $100m credit. The grace period is two years. The loan, which is guaranteed by the Republic, carries a spread of ¾ per cent throughout. This will be the first publicly syndicated deal for a Venezuelan borrower with a 12-year maturity. Banks are currently being approached to join the lead management group and underwrite between $15m and $20m of the loan.

INTERNATIONAL COMPANIES and FINANCE

SIP passes dividend as losses increase

BY MAX WILKINSON IN ROME

ITALY'S telephone operating company, SIP, which is also the country's largest investor, is facing a crisis of insolvency with operating losses of L200bn (£233m) in 1978.

After a board meeting in Turin, the company announced that for the first time since it was formed in 1958, it will not be able to pay a dividend. It also warned that Italy's progress into the new era of electronic telephone switching could be jeopardised unless the company is able to balance its books.

SIP is a semi-independent company controlled by the state but with a large number of private shareholders. Its main problem is that telephone tariffs have been frozen by the government for the last two years.

In spite of repeated applications for a price increase the company is now expecting to have to wait until after the election on June 3 for a renewal of its application for a 25 per cent rise.

In the run-up to the election, phone tariffs have become a strong political issue, particularly with the Communist Party, which has opposed a tariff increase while the company remained profitable.

However, SIP (Societa Italiana Per l'Esercizio Telefonico) has now been overtaken by inflation which has been running at about 25 per cent a year and by interest charges for its large capital investment programme which now account for a quarter of its outgoings.

SIP is owned 56.5 per cent by the Stet group which is the state controlled telephone holding company.

There are, in addition, 70,000 private investors in SIP, most of them with small shareholdings. They are unlikely to be pleased with the company's failure to pay a dividend when the annual meeting takes place next month. The company believes this fact may bring an additional voice into the political lobbying.

It is generally assumed that after the election, some increase will be authorised by the Italian government's rather cumbersome price control bureaucracy. However, the big question for the company and for the five main suppliers of telecommunications equipment is whether the increase will be enough to maintain the previous forward momentum of investment and modernisation.

Amev plans rights issue

BY OUR FINANCIAL STAFF

A FORECAST of higher profits this year and plans for a substantial rights issue were made public yesterday by Amev, the second largest insurance group in Holland.

Net profits for the first three months of 1979 have risen by a fifth to Fl 20.8m ($9.95m) and the company expects an advance at the net level for the whole of this year of about 15 per cent. For 1978, Amev turned in net earnings of Fl 95.4m.

To raise funds for the purchase of the UK life and pensions company Gresham Life Assurance, the company proposes a one-for-ten rights issue. The price of the share offer will be fixed in due course but it is clear that the company has plenty of scope to raise a large slice of the $30m being paid for the UK acquisition.

Amev's funding plans also include a placing on preference capital. Some Fl 4.69m of nominal preference shares will be placed at par among existing preference holders. The new capital will be 10 per cent paid.

During the three months life profits before tax and provisions rose to Fl 18.2m from Fl 14.4m, partly as a result of increased investment returns.

Amev's profits from the indemnity insurance sector rose to Fl 6.6m from Fl 3.3m and earnings of its other activities to Fl 4.1m from Fl 3.9m.

The improvement in Dutch indemnity insurance results in 1978 have continued this year but higher indemnity claims were received in the U.S., leading to lower results.

Setback for KSB power orders

By Guy Hawtin in Frankfurt

PROSPECTS of substantial profits from the power generation industry have evaporated in a welter of "environment hysteria," according to Klein Schanzlin und Becker (KSB).

The West German pump and valve manufacturer in its annual report yesterday, says that since 1975 orders placed by power station operators have declined by more than 60 per cent.

Orders worth some DM 100m have been lost during the past three years as a result of declining demand from power stations, the group estimates. The effect will be felt on sales for the next five to six years.

However, power station technology last year still contributed between 25 per cent and 28 per cent of total sales. The proportion, however, is likely to decline this year.

KSB's reaction has been to cut fixed costs heavily and to intensify marketing efforts in other product areas. There are hopes of increased sales to Eastern Europe for power station equipment, but the group has been building up its environmental protection technology, including water desalinisation.

Despite these "countermeasures" earnings are not expected to show much improvement this year. Last year net profits fell to DM 5.9m ($3.07m) from 1977's DM 12m, while pre-tax profits were down from DM 36.2m to DM 23.7m.

Renault truck deficit

PARIS — Renault Vehicules Industriels reports a 1978 loss of FFr 392.8m ($89.5m) compared to a deficit of FFr 393.8m and combined deficit of FFr 250.3m in 1977 for Berliet and Saviem. The company is the heavy vehicle subsidiary of Renault. Berliet and Saviem were separate companies until last year. Reuter

VFW-Fokker break-up hits snags

BY CHARLES BATCHELOR IN AMSTERDAM

THE DELAY in agreeing to the break-up of the Dutch-German VFW-Fokker aerospace group is viewed with increasing impatience by the Dutch arm of the company. The Negotiations have now stalled over a German demand for compensation running into several hundred million guilders, although dissolving the 10-year-old merger should pose no organisational or technical problems, a Fokker spokesman said.

Fokker expects the 1978 profit to be modest, although the German part of the company was loss-making. This followed VFW-Fokker's worst-ever result in 1977 when a pre-tax loss of DM 157.7m ($82m) was made. The company faces three or four difficult years but expects the upward trend of profits to continue.

Fokker also expects to double sales by 1983. Combined group sales were DM1.7bn ($883m) in 1977.

The delay in splitting off the German half of Fokker is preventing the Dutch arm from reestablishing its own independent image while the continued formal existence of VFW-Fokker complicates the signing of contracts, the spokesman added.

The company and the Dutch and German governments originally hoped to have completed negotiations by the end of last year, but there is still no immediate prospect of an agreement.

The Dutch side of Fokker agreed reluctantly to split after signs that the merger was not working and pressure from the German Government for VFW to merge with the Messerschmitt-Boelkow-Blohm (MBB) group to form a unified German aerospace group. The Dutch side of Fokker offered to enter a large grouping with both VFW and MBB but this was rejected.

Fokker is now keen to dissolve the merger as quickly as possible so that it can carry on with independent decision making. A leading German banker has been appointed to resolve Fokker's differences with the German Government which is seeking compensation for guarantees it gave the group to help it out of its financial problems.

Fokker takes the view that since the split was sought initially by Germany it should not be required to pay any compensation, the spokesman said. Apart from the marketing division the two sides of the company operated independently throughout the merger and there would be no problem in splitting it up. The West German plant would continue to deliver components for aircraft assembled in Holland.

The delays have been partly due to the large number of shareholders in Germany, who have not yet reached agreement on the shape of the new German aerospace grouping. In Holland, the government and private shareholders are in agreement.

Share issue from West German composite

By Our Frankfurt Correspondent

FOLLOWING its push into the U.S. insurance market, West Germany's largest composite, Allianz, plans to raise DM 260m ($135m) through an issue of new shares.

The rights issue will be on a one-for-three basis at DM 125 a share, compared to the DM 431 at which the company's shares were temporarily suspended yesterday. The funding will be the second rights issue from Allianz in 2½ years.

Earlier this month the company announced plans for the purchase of a U.S. insurance company, North American Life, for some $138m. The U.S. company's assets totalled $300m at the end of last year, and its after tax profits in 1978 amounted to $9.1m.

Allianz also reported parent company earnings for last year. After tax, profits for 1978 were 17 per cent higher at DM 151.6m, and the company is maintaining its dividend at DM 10 a share.

Allianz is particularly active in the motor market. In 1977, car insurance accounted for just under half of total premium income with liability and accident insurance contributing just over 23 per cent of premiums.

● *Net funds raised on the German capital market totalled DM 3.2bn in April, down from DM 4.5bn in March but up sharply from DM 1.6bn in April 1978, the Bundesbank reports.* The drop in net funds was due to higher amortizations in April, which totalled DM 4.8bn compared with DM 3.1bn in March and DM 4.5bn in April 1978.

Gross funds raised actually climbed to DM 8.04bn in April from DM 7.775bn in March and DM 6.2bn in April of last year.

Trefimetaux links with Pirelli

By Terry Dodsworth in Paris

PIRELLI, THE Italian tyre group is buying 80 per cent of Trefimetaux, a French wire and cable company owned by the Pechiney Ugine Kuhlman Group and a new company, in which Trefimetaux will retain 20 per cent, is being formed.

The agreement follows the recent acquisition by Trefimetaux of Mebako, a West German company. But PUK evidently felt that its subsidiary had still not achieved a sufficiently large scale of operation to be an adequate force in international markets, despite a turnover in the region of FFr 1bn ($227m).

As a result of the link with Pirelli, the group will now have access to more advanced technology and to a specialised international export network.

The take-over will be followed by the modernisation of Trefimetaux's copper treatment facilities, which produce rolled products, tubes and bars. These activities have been one of the most successful aspects of the company's business in recent years, particularly in EEC export markets.

Expansion for Oerlikon-Buehrle

BY JOHN WICKS IN ZURICH

INCREASED sales and another satisfactory profits performance are promised for 1979 by Oerlikon-Buehrle, the Swiss industrial company whose products range from military equipment to textiles and shoes.

Turnover this year is expected by the group to grow by "several percentage points" and if currency markets can maintain some sort of stability the sales increase may emerge at 5 per cent. Dr. Dietrich Buehrle, chairman, declares.

In terms of profits, he looks forward to satisfactory results with particular progress expected in the civilian sector of the group's operations. Last year net profits rose by an eighth to SwFr 227.9m ($130.8m) on sales higher by a quarter.

However, the company makes it plain that the 1978 sales growth sprang solely from the first time inclusion of the Bally shoe acquisition. Due to currency upheaval and technical delays involving military equipment, group turnover minus Bally would have been 1 per cent lower.

Military products' contribution to turnover eased last year from 47.5 to 46.7 per cent. Consumer products (including Bally in both years) dipped from 25.4 to 23.8 per cent and the contribution of the various service subsidiaries from 4 to 3 per cent. Sales of industrial goods increased from 23.1 to 26.5 per cent of the group total.

In the machinery division, sales and orders of machine tools were over the 1978 levels, although the price for exports from Switzerland remained "unsatisfactory." Talks are under way on the acquisition of a machine-tool manufacturer in the U.S., while moves are also possible in the same sector in European and Far Eastern countries. The military products within the machinery division had "largely overcome" difficulties experienced last year.

The order books of the Contraves division, which specialises in electronic systems, have been considerably strengthened by any recent German army order for "fieldguard" equipment worth some SwFr 200m. Civilian contracts have also developed satisfactorily this year so far.

Elsewhere, a substantial improvement in sales and earnings is awaited this year for the Oerlikon-Buehrle vehicles division, which missed its targets in 1978. An upturn is anticipated for the welding division, with growth likely to exceed the industry average. The Liechtenstein-based Balzers division, which specialises in ultra-high-vacuum and thin-film technology, will lift sales but "no great expectations" spring from its profit development.

Dividends for last year are SwFr 37.5 per bearer share and 15 per cent per registered share. Next month's annual meeting will also be asked to approve the group's one-for-eight rights issue.

Paribas expects growth to continue

By Our Financial Staff

CONTINUED growth in earnings were forecast for the current year at the annual press conference of Parisbas, the major French banking and financial group.

M. Gerard Eskenazi, director general, based his expectation on the performance so far this year of the banks in the Paribas group and on anticipated increases in portfolio revenues. In 1978 the group increased net profits by 12 per cent to FFr 573m ($128.7m).

M. Pierre Moussa, chairman said Paribas plans to open new branches this year in Stuttgart, Madrid and Milan, in addition, the bank plans to open a second office in London and an agency in Los Angeles.

The meeting was told that Paribas had recently raised its stake in Power Corporation of Canada to 24 per cent from 20 per cent, and has set up an investment company in Germany, Paribas and Finanzanlagen, in which the Paribas group has a 75 per cent stake, the rest being held by the Aachener and Muenchener Insurance Company.

Low exchange losses seen by Swiss insurer

By Our Financial Staff

CONSIDERABLY lower losses on currency translation are expected this year by Swiss Reinsurance, one of the largest companies in Europe specialising in the reinsurance market.

The company makes its forecast despite the fact that a large majority of the 130 or so currencies in which it deals are currently showing an exchange rate lower than a year ago. It points with relief to the relative calmness of the foreign exchange markets, and to the recovery in recent months of the dollar.

In accident and casualty reinsurance business the marked increase in premium income abroad "should still bring a rise" after translation into Swiss francs, the company said, but gave no figures. The reinsurance business result is very mixed according to sectors and countries, but an improvement in the current year—which ends June 30—can hardly be hoped for. In the life reinsurance sector, new business rose considerably and earnings are expected to rise.

In the financial sector average yields on existing investments declined as a result of the considerable downward pressure on interest rates. The resulting earnings decline will be offset by additional income from a significant rise in new investments so that earnings in the financial sector as a whole will probably improve.

Group net profit last year rose to SwFr 111m ($63.71m) from SwFr 107m, while group gross premium income fell to SwFr 6.12bn from SwFr 6.3bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco O/S Cap. 10¼ 87	40	97⅛	97⅝	0	+0⅛	10.75
Bayer Int. F. XW 7¾ 89	200	83⅝	84⅛	+0¼	+0⅜	9.90
CECA 9¼ 84-99	50	95⅛	95⅝	−0⅛	−0⅛	9.90
Canada 9 83	400	97¾	98¼	0	+0⅛	9.79
Canada 9¼ 98	350	96	96½	−0⅛	+0⅜	9.91
Canadian Pacific 9¾ 89	50	97⅞	98⅜	0	0	10.05
Comalco Inv. E. 10¼ 91	40	98⅝	99⅛	−0⅛	+0½	10.41
Dow Chem. O/S 9⅝ 94	200	97¾	98¼	+0⅛	+0½	9.88
EIB 9⅛ 98	125	92½	92⅞	−0¼	−0¼	10.27
EIB 9¾ 86	150	98¼	98¾	−0⅛	−0⅜	10.18
EIB 9⅞ 99	100	98⅛	98⅝	−0⅛	−0⅛	10.32
Export Dv. Cpn. 9.85 84	150	100¼	100⅝	−0⅛	0	9.98
Export Dv. Cpn. 9⅜ 84	100	97¼	97¾	0	+0¼	9.91
Eksportfinans 9 86	50	95⅞	96⅜	0	+0⅛	9.75
Finland 9½ 86	100	97⅛	97⅝	0	+0⅜	10.04
GTE Fin. 9½ 84	50	98	98½	0	+0⅛	9.96
Gould Int. Fin. 9¾ 85	50	99	99½	−0⅛	+0⅛	9.91
Hospital O/S 9 83	25	96⅝	97⅛	+0⅛	0	9.89
Hudson Bay Co. 10 84	50	100¼	100¾	−0⅛	+0⅛	9.92
Itel Finance 9¾ 90	30	92½	93	−0⅛	0	10.87
Itel Finance 10½ 93	40	96⅛	96⅝	0	0	11.00
ITT Antilles 9½ 89	75	96⅜	96⅞	0	0	10.05
J. C. Penney 8½ 83	100	96	96½	0	+0⅛	9.61
Manitoba 9⅛ 89	75	97⅛	97⅝	−0⅛	+0⅛	9.92
New Brunswick 9¾ 94	75	97⅜	97⅞	0	+0⅜	10.05
Newfoundland 10 94	50	99⅞	100⅜	+0⅛	+0⅛	9.97
Norsk Hydro 9⅛ 94	50	95	95½	0	+0¼	9.86
Norway 9¾ 84	150	100⅛	100⅝	0	+0⅛	9.87
Norway 9½ 84	150	98¼	98¾	0	0	9.89
Nova Scotia Pwr. 9¾ 89	50	97½	98	0	+0⅜	10.12
Portland 10 84	50	97¾	98¼	+0⅛	+0⅜	10.53
Quebec Hydro 10 99	75	95⅝	96⅛	+0⅛	+0¼	10.48
Redland Fin. XW 9½ 91	25	92½	92⅞	0	+0⅛	10.61
Sears Roebuck 9 82	150	97¾	98¼	−0⅛	−0⅛	9.83
Stockholm 9¾ 84	60	98⅝	99⅛	−0⅛	0	10.14
Sweden 9¾ 89	100	98⅛	98⅝	0	+0⅛	9.99
Sweden 9½ 86	200	98⅜	98⅞	0	+0⅛	10.01
UK 8⅞ 93	150	93⅝	94⅛	0	−0⅛	9.92
U.S. Leasing Intl. 10 84	20	97¼	97¾	+0⅛	+0⅜	10.66

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	88⅞	89⅜	−0⅛	0	7.38
Argentina 6½ 88	150	90⅞	91⅜	0	−1	7.84
Argentina 7½ 88	150	94	94½	−0⅛	−0¼	8.35
Australia 6 88	250	90⅞	91⅜	+0⅛	+0⅛	7.33
Austria 5¾ 90	150	86½	87¼	+0⅛	+0¼	7.49
Banco Desarrollo 7¼ 85	100	94¾	95⅜	0	−0⅛	8.18
Barclays O'seas 6¾ 89	100	95⅞	96⅜	+0⅛	+0½	7.29
Bq. Ext. Algerie 7¼ 85	100	95¼	96	0	−0⅛	8.13
Brazil 7⅛ 87	150	95	95⅛	+0⅛	0	8.08
CECA 6 88	150	89½	89⅞	−0⅛	−0⅛	7.71
CECA 7 81	150	99½	99¾	+0⅛	+0⅛	7.52
Copenhagen City 6 90	75	86⅞	87⅜	−0⅛	−0⅜	7.71
Council of Eur. 6¼ 88	130	90⅛	90⅞	+0⅛	−1⅛	7.69
Council of Eur. 7¼ 89	100	97⅛	97⅞	−0⅛	−0⅛	7.62
Denmark 5¾ 85	100	92⅝	93⅜	0	+0½	7.29
Denmark 6½ 89	100	93¾	94¼	−0⅛	−0⅜	7.42
EIB 6 90	300	86½	87¼	0	+0⅜	7.77
EIB 6½ 91	200	90½	91¼	0	−0¼	7.71
Eletrobras-Brazil 7 87	100	93¾	94⅛	0	+0¼	8.11
Eurofima 6½ 89	100	94¾	95¼	−0⅛	−0½	7.21
Finland 6 83	150	96¾	97¼	0	−0¼	6.85
Indonesia 7 84	100	95¾	96½	0	+0⅞	7.90
Mexico Fin. 7 89	150	97½	98	−0⅛	0	7.34
Mitsubishi Chem. 6½ 84	70	97⅞	98⅜	+0⅛	+0⅛	6.93
New Zealand 6¼ 87	200	93⅞	94⅜	−0½	−0⅛	7.25
Nippon Kokan 6½ 84	100	97⅞	98⅜	+0⅛	+1⅛	6.93
Nippon Steel 5¾ 85	100	94¼	95	0	0	6.82
Nippon Tel. & T. 5⅞ 87	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic Inv. Bk. 6¼ 86	60	94⅝	95⅛	0	−0⅜	7.27
Norges Komm. 6¼ 89	150	[illegible]	[illegible]	[illegible]	[illegible]	7.29
Norway 6¼ 84	200	[illegible]	[illegible]	−0¼	−0⅛	6.37
Occidental 6¾ 90	150	97¾	98¼	+0⅛	0	7.66
OKB 6½ 88	100	96¼	96⅞	+0⅛	−0⅛	7.01
OKB 6 87	40	93¾	94⅛	0	−0⅞	7.05
Statoil 6 88	150	90¼	90¾	0	−1	7.57
Statoil 6½ 89	150	95¾	96¼	0	−0⅛	7.09
Tokyo Elec. Pwr. 6½ 85	200	95⅞	96⅜	+0⅛	+0½	7.32
UDS Group 5¾ 83	65	93⅞	94⅜	−0⅛	−0⅛	7.35
Venezuela 6½ 90	150	97¼	98¼	+0⅛	−0⅞	8.15
World Bank 6¼ 88	400	90½	91	−0⅛	−0⅞	7.66

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	102	102¼	−0⅜	−1⅛	4.95
Amer. Exp. Int. 3½ 93	40	94¼	94½	0	−0¼	4.02
Asian Dev. Bank 3⅛ 94	100	85¼	85½	−1⅛	−1⅞	4.32
Austria 3½ 93	100	88	88¼	−0⅜	−1⅞	4.64
Australia 3⅝ 89	250	93⅞	94⅛	−0⅝	−0⅞	4.37
Brazil 4⅛ 88	100	97⅛	97⅜	0	−0¼	4.61
Canada 3⅝ 89	300	94	94¼	−0⅜	−0⅜	4.37
Chase Manhattan 4 93	70	99	99⅝	−0⅜	−0⅜	4.08
Council of Europe 4¼	100	95½	96	−0½	−1⅜	4.72
Council of Europe 4	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase Manhattan 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankamerica 3¾ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNOE 5 88	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 4½ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 4½ 93	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4½ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. L. Smith 4½ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 4½ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heron 4½ 88	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM 4½ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV 3¾ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 4½ 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 3¾ 94	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 3¾ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pfand Oet. Lande 4 90	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philippines 4½ 89	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sandvik 4 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 4 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna 4 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4½ 93	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅜ 88	15	86⅛	87⅛	−0⅛	0	7.74
Australia 5.6 83	30	93⅝	94⅛	−0⅛	0	7.47
Australia 5.6 88	20	92⅝	93⅝	+0⅛	+0⅛	7.27
Finland 5.6 83	10	97⅞	98⅜	0	−0⅛	7.60
Finland 6.6 88	10	91⅞	92⅞	0	−0⅛	7.85

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	97⅞	98⅛	+0⅛	0	9.62
Avco Fin. 10¾ 86 C$	25	96⅞	97⅜	−0⅛	−0⅛	10.86
Bk. Br. Col. 10¼ 89 C$	10	97¼	97¾	0	−0⅛	10.67
Br. Col. MFA 10¼ 99 C$	24	98⅜	98⅞	−0⅛	−0⅛	10.42
Ex. Dev. Cpn. 10 84 C$	50	99	99⅛	0	+0⅛	10.20
Fst. Can. Inv. 10 84 C$	50	98¼	98¾	+0⅛	+0⅛	10.40
Hudson Bay 10½ 88 C$	60	99⅜	100⅛	+0⅛	+0⅛	10.49
Quebec 10¼ 86 C$	50	98⅜	98⅞	0	0	10.53
R. Bk. Canada 10 86 C$	40	98⅞	99⅜	+0⅛	+0⅛	10.19
R. Bk. Canada 10 94 C$	40	96	96½	+0⅛	−0⅛	10.51
Komm. Inst. 7½ 93 EUA	15	95½	97	−0⅛	−1	7.94
Panama 8¼ 93 EUA	20	95⅛	97	0	0	8.71
SOFTE 8¼ 89 EUA	40	96¼	97¼	−0⅛	−0⅞	8.75
Algemene Bk. 6½ 83 Fl	75	94⅜	95⅛	−0¼	−1	7.83
CFE Mexico 7¼ 83 Fl	75	96¼	96⅞	−0⅛	−0⅜	8.77
EIB 7¾ 85 Fl	75	93½	94¼	0	−0⅛	8.55
Ned. Middbk. 8¼ 84 Fl	75	100	100¼	+0¼	−0⅛	8.14
New Zealand 6¾ 84 Fl	75	93¼	93¾	−0⅛	−0⅛	8.36
Norway 8¼ 84 Fl	100	98⅞	99½	−0⅛	−1⅛	8.47
Elf Aquitaine 9¾ 88 FFr	150	97⅛	98⅛	0	−0½	10.09
EIB 9¾ 88 FFr	200	97⅜	98⅛	0	−0⅛	10.07
Norway 9¼ 84 FFr	200	97⅜	98½	−0⅛	−0⅛	9.74
PSA Peugeot 9¾ 87 FFr	175	97⅜	98⅛	+0⅛	−0⅜	10.14
Saint-Gobain 9¾ 86 FFr	130	97⅞	98⅜	0	−0¼	10.11
Solvay et Cie 9¾ 87 FFr	125	97⅞	98⅜	0	−0⅛	10.07
Total Oil 9⅛ 87 FFr	150	96⅞	96⅞	0	−0¼	10.08
Unilever 10 85 FFr	100	100⅛	100⅞	0	−0¼	9.87
CECA 9¾ 89 £	20	91⅛	91⅞	−0⅛	−0¼	11.08
Citicorp 10 93 £	20	89⅝	90⅜	−0¼	−0¼	11.46
EIB 9¾ 88 £	25	92⅛	92⅞	−0⅛	−0⅞	11.12
Finance for Ind. 13 91 £	15	102½	103	−0⅛	−0¼	12.52
Gen. Elec. Co. 12¼ 89 £	50	100½	101	−0¼	−0¼	12.34
Euratom 8 87 LuxFr	500	99⅛	100⅛	0	0	8.06
Norges Km. 8 86 LuxFr	500	98⅜	99⅜	+1⅛	−0¼	8.18
Oslo, City of 8 89 LuxFr	500	97⅜	98⅜	0	+0⅛	8.26
Solvay Fin. 8 85 LuxFr	500	98⅜	99⅜	0	−0⅛	8.14
Swedish Bk. 8 88 LuxFr	500	98¼	99½	0	−0⅛	8.15

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0¼	96⅞	97½	31/7	11.44	11.78
BFG Fin. Co. M5.5 89	0¼	98⅞	99½	12/7	12.4	12.51
Banco di Roma M6 87	0¼	98¼	98¾	26/10	11.19	11.38
Bco. El Salvador M8 83	1¼	95½	96	12/10	12⅛	12.81
Bco. Nac. Argent. 7 86	0⅜	97¾	98¼	22/8	11½	11.73
Banco Urquijo 6 86	0¼	97⅞	98⅜	21/9	11½	11.72
Bank of Tokyo M5½ 93	0¼	98⅜	98⅞	18/10	11⅝	11.91
Bq. E. d'Alg. M8.375 84	0⅜	97½	98	9/8	11⅞	12.15
Bq. Ext. d'Alg. M7.5 85	0⅜	95⅝	96⅛	2/11	11⅞	12.39
Bq. Indo et Suez M5½	0¼	99⅝	100⅛	25/7	12	12.02
BNP 5½ 91	0¼	98⅜	98⅞	22/2	11⅜	11.53
Ch. Man. O/S M5¼ 93	0¼	98⅞	99⅜	27/7	11.73	11.80
Citicorp O/S Fin. 5 94	0¼	99⅝	100⅛	8/6	11.06	11.08
Gotabanken M6 88	0¼	98¼	98¾	15/5	11½	11.69
Ind. Bk. Japan M5½ 85	0¼	99½	100	1/6	12.35	12.38
LTCB Japan M5¼ 85	0¼	99⅛	99⅝	8/10	11⅝	11.70
Midland Intl. M5½ 93	0¼	99	99½	20/7	12¼	12.34
Nipp. Crdt. Bk. M5.6 85	0¼	99⅜	99⅞	22/6	12.81	12.86
OKB M5¼ 88	0¼	99⅜	99⅞	18/10	11.44	11.48
Offshore Mining 86	0¼	99⅛	99⅝	19/7	12.18	12.25
Petro Mexicano 7¼ 84	0¼	99⅛	99⅝	24/7	12.06	12.14
Privredna Banka M8 86	0⅞	96	96½	22/6	13.44	13.85
Standard Chrt. M5.5 90	0¼	98⅜	98⅞	10/8	11.56	11.72
Bundsvellabnkn. M8 85	0¼	97¾	98¼	4/10	11.06	11.29
Texas Int. Air. M7 86	0⅜	97½	99	11/10	11¼	11.51
Utd. Overs'a Bk. M6 89	0¼	97⅜	98⅛	29/9	11.14	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	120	121	+0¼	−0.89
Boots 6¾ 93	2/79	2.15	100⅜	101⅜	−0¼	−3.53
Ciba-Geigy O/S F. 4 94	9/78	675	92½	93¼	0	−12.30
Coca-Cola Bottling 6¾	4/79	9	90	91¼	−0⅛	25.48
Esselte 7¼ 88	9/78	159	96	96¾	−0¼	9.01
Honda Motor 6½ 89	5/79	532	97	98	−0¼	0.25
Ito-Yokado 5¾ 93	6/78	1339	107⅛	108⅛	+0¼	5.21
Novo Industri 7 89	4/79	259	88	90	+0¼	14.34
Texas Int. Air. 7½ 93	4/79	14.5	90	91¼	+0¼	20.78
Thorn Int. Fin. 7 88	11/78	3.67	131⅞	132⅞	−0⅛	−3.24
Asahi Optical 3½ DM	12/78	598	85⅞	86⅞	+0⅛	7.82
Casio Cp. 3½ 85 DM	11/78	841	87⅜	88⅛	+0¼	16.31
Fujitsu 5 84 DM	7/78	475	101⅛	102⅛	−0¼	18.99
Jusco 3½ 86 DM	1/79	1154	81⅞	82⅞	−0⅛	21.07
Kansai Elec. 4 84 DM	4/79	1350	87¼	98¼	−0¼	22.26
Konishiroku 3½ 85 DM	1/79	612	86⅛	87¼	−0¼	17.57
Marudai Food 3½ DM	2/79	[illegible]	81⅞	82⅜	−0⅛	27.80
Murata M. 3½ 86 DM	11/78	854	92	93	−1	4.79
Nipp. Air. 3.5 88 DM	12/78	508	79⅜	80⅜	−1⅛	7.01
Nippon Yen. 3½ 85 DM	1/79	251	111⅜	112⅜	−2	−3.78
Nissan Diesl. 3½ 86 DM	2/79	477	89⅜	90⅜	+0⅛	7.94
Olymp. Opt. 3½ 85 DM	2/79	703	96⅜	97⅜	0	1.23
Sharp Cpn. 3½ 88 DM	2/79	487	91⅞	92⅞	−0¼	10.56
Stanley Elec. 3½ DM	11/78	623	81⅞	82⅞	−0⅜	27.49
Tokyo Elec. 3½ 87 DM	4/79	476	91⅞	92⅞	+0¼	25.31
Tokyu Ld. Co. 4 86 DM	4/79	493	86⅞	87⅞	+0⅛	11.81
Trio-Kenwd. 3½ 86 DM	11/78	711	82⅝	83⅛	−1¼	22.24

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Bond takes Santos protest to Canberra

By Our Sydney Correspondent

...L. ALAN BOND, the Austra... businessman, yesterday ...led on the Federal Govern... ...nt to prevent the South ...stralian State Government ...iting individual shareholders ...Santo to 15 per cent. A ...up of five companies led by ...od last year obtained a 37.5 ...cent controlling interest in ...tos from Burmah Oil of the ...and bad been looking at ...s of lifting the stake to at ...st 51 per cent.

...antos is the major partner, ...operator, of the Cooper ...in gas and liquids fields ...ch supply Adelaide and ...ney with natural gas. The ...th Australian Government ...ms that it is not in the in... ...sts of S.A. for Santos to be ...trolled by an organisation ...n outside the State. The ...ernment has recalled Parlia... ...t to meet tomorrow to pass ...slation limiting the share... ...ings and voting rights.

...Adelaide, Mr. Bond said ...he would mount a legal ...llenge, taking it to the ...y Council if necessary. He ...that the S.A. Government ...trying to nationalise the ...per Basin without paying ...oate recompense.

...ut, the S.A. Minister for ...es and Energy, Mr. Hugh ...soo said that the Govern... ...t would go ahead with legis... ...n, and was confident it ...ld be passed. He said that ...state corporate affairs ...rtment was examining Mr. ...d's claim that the value of ...os shares was A$10. He did ...believe the Federal Govern... ...t would take any action.

...owever, the Federal ...surer, Mr. John Howard ...erday criticised the S.A. Gov... ...ent, and said that action to ...the shareholdings in Santos ...ld create a reluctance on the ...of overseas investors to be... ...involved in Australia.

BANK OF ADELAIDE MERGER

ANZ Bank the surprise partner

BY JAMES FORTH IN SYDNEY

THE ANZ BANKING Group has emerged as the trading bank which will swallow Australia's smallest trading bank, the Bank of Adelaide in a move which values the bank at some A$40m. The Reserve Bank —Australia's central bank— told the directors of the Adelaide to seek a merger with another trading bank because of the financial problem with its wholly-owned finance company, Finance Corporation of Australia.

At least three of the trading banks—the Bank of New South Wales, the ANZ and the National Bank of Australasia—were interested, but the Wales —the largest of the private trading banks—was favoured to carry the day. Instead, the Adelaide Board has recommended a share swap with the ANZ on the basis of three ANZ shares for every 11 Adelaide shares. Based on the closing market price for ANZ of A$4.62 the terms value Adelaide shares at A$1.26. Shareholders who accept will be entitled to the recently declared Adelaide interim dividend of 5 cents a share.

They will also participate in the one-for-four scrip issue announced this week by the ANZ, but not in the ANZ interim dividend payment.

The ANZ will also assume "full responsibility" for support arrangements which were recently announced to ensure the property induced problems of FCA did not bring down the Adelaide. The major trading banks agreed to provide A$50m (over U.S.$55m) in subordinated loans to the Adelaide, with the reserve bank making available a further A$10m in a special liquidity facility.

At the same time, the trading banks suggested that FCA should make provisions against its assets totalling A$58m. It is unlikely that this has actually taken place and it will presumably become a matter for decision by the ANZ. The rescue operation is unlikely to be scrapped immediately, as the merger is subject to the approval of shareholders, the Reserve Bank and Federal and State authorities.

It is expected that it will take at least two to three months before the merger can be effected. In the meantime, representatives of the banks in the rescue operation were appointed to the board of FCA yesterday and will play a major part in the management of FCA.

The acquisition of the Adelaide will move the ANZ closer to the Wales in terms of size and market share, and will firmly establish it in second place among the private banks. The Government-owned Commonwealth Trading Bank is the largest Bank in Australia, slightly shading the Wales. The merger would give the ANZ assets of more than A$600m

But this still lags behind the Wales, with assets of more than A$8720m and deposits of almost A$5.1bo. In terms of market share, the merged ANZ group would have about 21 per cent of total deposits of the trading banks on a national basis, compared with just over 24 per cent for the Wales.

In South Australia, however, the ANZ would dominate the market with about 37 per cent of deposits, compared with 19 per cent for the Commonwealth and only 14 per cent for the Wales. It was the relative weakness of the Wales in SA which encouraged the belief that it would acquire the Adelaide.

Real growth slows for Israeli insurance

By L. Daniel in Tel Aviv

ISRAEL'S rampant inflation is reflected in the premiums and registration and policy fees collected by the insurance companies last year, which rose by 56 per cent to I£7.8bn.

However, since the consumer price index rose by over 50 per cent during the year, the real growth was only 3 per cent, compared with 5 per cent in 1977 and 13 per cent in 1976. The rate of expansion is shown in preliminary figures released by the Central Bureau of Statistics in Jerusalem.

Income from life insurance premiums and fees came to I£2.1bn, for a growth of 57 per cent in nominal terms, and of 4 per cent in real terms, with Israeli companies accounting for 99.5 per cent of the total.

Of the I£5.7bn received in respect of elementary insurance, vehicle insurance accounted for I£2.3bn. The income from elementary insurance of the Israeli companies rose much faster than that of foreign companies operating in Israel—by 61 per cent, to account for 88 per cent of the total. That of foreign companies increased by only 26 per cent.

The total income of the Israeli insurance companies from business on the local market (elementary plus life), was up 60 per cent to I£7bn. The aggregate balance sheet total of the companies at end-1978 was I£19bn, to show a 57 per cent nominal rise. The reserves for life insurance payments grew by 67 per cent to I£9.2bn, most of which was invested in Government index-linked bonds.

In all, just over two-thirds of the companies' assets were in securities, including such bonds (the 1977 figure was 60 per cent), while loans and bank deposits accounted for 11 per cent.

Lower associate losses help NZ Forest Products

BY OUR FINANCIAL STAFF

N.Z. FOREST PRODUCTS, the major New Zealand industrial concern, raised group net profit by 12.8 per cent in the year to March 31, to NZ$ 22.9m (US$ 23.9m), from NZ$ 20.3m in the previous year.

Losses were again suffered during the year by associated companies, Mr. Austin G. Wilson, the chairman, said, but at a "much lower" level than in the previous year, particularly in the cases of N.Z. Particle Board and Nissan Datsun Holdings.

After adjusting for tax and eliminating dividends from associated companies, the group net profit showed a rise of 17.7 per cent, to NZ$ 23.3m, from NZ$ 19.8m.

Sales gained 18.6 per cent to NZ$ 336.7m (US$ 350m), from NZ$ 283.8m, with domestic turnover up 13.5 per cent to NZ$ 247.9m, from NZ$ 218.5m, while exports jumped by 36 per cent to NZ$ 88.8m, from NZ$ 65.3m.

During the year all preference share capital was cancelled and 2.3m ordinary shares issued to replace the S.5m issued cumulative preference shares.

Shareholders' funds—up 33 per cent to NZ$273m—reflect mainly capital changes, profit for the year, a revaluation of land by $12m and the 1978 final and 1979 interim distributions in lieu of dividends.

Unrealised exchange gains on current overseas loans were apportioned evenly over the 1978-79 financial year and the remaining periods to maturity of the loans.

Israeli textile combine's earnings increase by 109%

BY OUR TEL AVIV CORRESPONDENT

POLGAT Woollen Industries, Israel's largest integrated textile combine, raised its consolidated net earnings for 1978 to I£92.3m ($3.8m), an increase of 109 per cent on the preceding year.

The board is recommending for the year a gross cash dividend of 20 per cent, and a bonus share issue at the rate of 30 per cent, already distributed as an interim payout. The respective 1977 figures were 15 per cent cash and 1S per cent bonus shares.

The combine operates eight plants. A subsidiary, Australian Wool Industries, purchased this year, makes lingerie, 90 per cent of which is exported.

Polgat's net sales last year increased by 92 per cent to I£902.Sm, and pre-tax earnings by 136 per cent to I£120.6m. Exports grew by 25 per cent to I£600m ($25.1m).

Total consolidated assets increased by 87 per cent to I£1.17bn.

* * *

Plans for the investment of $550m by Koor, the industrial holding company of the Israel Labour Federation, have been approved by the Federation's governing body. The investment is designed nearly to double the group's output, to I£45bn (around $2bn), by 1986.

Exports are expected to increase by 110 per cent to $700m. The number of workers in more than 100 plants controlled by Koor is seen as rising by just over 50 per cent to 40,000 over the period.

Marina for Hong Kong

HONG KONG — The Hong Kong Government has approved a HK$ 300m (about US$ 60m) project to develop a luxury marina-residential complex similar to Port Grimaud in the South of France. The complex will be built in the New Territories bordering China.

The project which is expected to take five years to complete involves the construction of 400 three-storey luxury home units. They will be built on a 65,000 square metre site in landscaped surroundings with an uninterrupted view of the sea.

* * *

SECURITY Pacific Credit (Hong Kong), a finance company owned by Security Pacific Corporation of Los Angeles, will issue floating-rate certificates of deposit (CDS) in Hong Kong with interest pegged to the inter-bank rate.

The CDS, totalling $9.1m, will be managed by Chase Manhattan Asia, Dow Finance, Kleinwort Benson (Hong Kong) and Wardley.

AP-DJ

Mixed Wall St. movements at mid-session

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—59¼% (56¾%)

Effective $2.0455 23¼% (23¼%)

NEWS OF a sharp oil price rise by Algeria caused fresh worries about inflation on Wall Street yesterday, but after an initial easier tendency, the market picked up to make a mixed showing at mid-session. Trading was fairly active.

The Dow Jones Industrial Average, after losing 2.60 at 11.00 am, was a net 1.39 off at 841.04 at 1 pm. The NYSE All Common Index was one cent harder on balance at $56.42, after declining to $56.32, while gains led falls by a small margin at mid-session. Turnover expanded to 19.42m shares from the previous day's 15.97m 1 pm figure.

Closing prices and market reports were not available for this edition.

Algeria posted a sharp crude oil price increase of $2.45 a barrel to $21, and analysts said investors were disturbed about the inflationary implications of the move.

Treasury Secretary Blumenthal said OPEC price increases since January have added 0.6 to 0.8 per cent to the U.S. consumer price index. He also cited balance of payments strains. Gold again set a record at the afternoon fixing in London, reflecting inflationary impact of oil price increases.

Gaming shares were hard hit. Volume leader Caesars World lost 4⅞ to $64⅜, Bally Manufacturing 1½ to $73⅞ and Harrah's ⅞ to $19⅞.

Among Golds, Dome Mines added ⅞ at $114⅜, but Campbell Redlake slipped ¼ to $38⅞ and ASA ⅛ to $27⅞.

General Motors eased ⅛ to $59⅞ despite stating that its new citation "X car" set an industry sales record in its first 30 days. Eastman Kodak announced a new instant camera but were unchanged at $58⅜.

Centronics Data Computer receded 1¼ to $42⅞ ex-dividend. A subsidiary will lose its only source of revenue under a new law in the State of Maine. SCM shed ⅛ to $73⅞. The company said its anti-trust case against Xerox is now ready for appeal.

K Mart reported improved first-quarter net profits and Deere said its second-quarter earnings increased. Both added fractions.

Interway rose 1⅜ to $33⅞. Gelco began tendering for 2.04m Interway shares at $40 each.

Beneficial raised the dividend and gained ⅜ to $23⅜.

THE AMERICAN SE Market Value Index, down 0.18 at 11.00 am, improved to 181.22 at 1 pm for a net gain of 0.04. Volume 1.88m shares (2.00m).

Inter-City topped the Amex actives list but lost ⅛ to $11. Resorts International "A," in second place, climbed 2⅛ to $43⅛.

Canada

Led by a sharply higher Golds sector, Canadian markets put on a firm performance in a fair business yesterday morning. The Toronto Composite Index gained 3.7 to 1,465.2 at noon, while the Golds index, reflecting the Bullion strength, advanced 53.5 to 1,863.9. Oils and Gas rose 14.2 to 2,243.0, Metals and Minerals 6.9 to 1,229.1 and Papers 1.58 to 162.39, but Banks shed 0.53 to 295.04.

Tokyo

After Monday's late downturn on profit-taking, the market sustained a fairly sharp setback yesterday as selling increased, especially in recently-favoured Oil stocks and speculatives.

The Nikkei-Dow Jones Average declined 43.14 to 6,263.58 and the Tokyo SE index receded 2.20 to 451.48, while falls on the First Market section outnumbered rising issues by 388 to 237. Volume further decreased to 320m shares from Monday's 390m.

Nippon Oil retreated Y70 to Y1,400, Toa Nenryo Y36 to Y936 and Koa Oil Y33 to Y562.

Among lower Shipping Lines, Chemicals and Pharmaceuticals, Kaken Chemical slipped Y150 to Y1,780, Japan Line Y6 to Y165 and Nippon Soda Y14 to Y356.

Non-ferrous Metals, however, scored gains, aided by a rise in the copper price. Toho Zinc put on Y18 to Y163 and Sumitomo Metal Mining Y14 to Y159.

Toyota Motor provided a bright spot in easier-inclined export-orientated stocks, rising Y7 to Y808.

Germany

Rising yields on the weakening Bond markets, indicating that the upward trend in interest rates has not yet abated, caused share prices to decline over a broad front yesterday in thin trading. The Commerzbank index lost 6.2 to close at a new 1979 low of 748.9.

Stores continued to take sharp losses, with Karstadt falling DM 8.00, Kaufhof DM 3.20 and Neckermann DM 3.00.

Among Chemicals, Degussa receded DM 3.50, Schering DM 2.80 and BASF DM 1.30. Commerzbank shed DM 2.50, while Motors had BMW down DM 3.00 and Volkswagen off DM 2.80.

In the Engineerings sector, Metallgesellschaft fell DM 6.50 and MAN DM 3.20.

On the Bond market, prices of seasoned Domestic Bonds fell on news that several issues with 8 per cent coupons were being offered. There was a new issue of Government promissory notes offering over 8 per cent for 10-year maturity.

Public Authority issues lost up to 55 pfennigs, although the Bundesbank sold a nominal DM 6m of paper in open market operations after selling DM 4.5m on Monday. Mark Foreign Loans were largely maintained, however, and some gains of up to ¼ a point were registered.

Paris

Bourse prices were mixed to easier in moderate activity.

Brokers noted that operators were settling their accounts on the last day of trading before the new monthly Account begins today. Taking this into account and also general apprehension over the international oil situation, shares were relatively well sustained, brokers said.

Banks and Publishing Houses closed generally higher, while Portfolios, Mechanicals and Electricals finished mixed. Declines predominated in other sectors.

Among the firmer issues of the session were Sias, Alsacienne de Suprmarche, Marine - Wendel, Merieux, BSN, UCB, Schneider, Presses de la Cite, Nobel-Bozel, Navigation Mixte and Machine Bull. The last mentioned put on 2 per cent on rumours that the Saint-Gobain Pont-a-Mousson industrial conglomerate is considering diversification into the computer field through Machine Bull's subsidiary Honeywell Bull.

Moving lower were Cie du Midi, Peugeot-Citroen, Grands Travaux Marseille, Michelin, SCOA, Legrand, Sacilor, Moet Hennessey, Bellon and Europe 1.

Hong Kong

After the recent advance on hopes of a reduction in interest rates, stock prices mostly retreated yesterday as the market showed nervousness about rising oil prices. The Hang Seng index reacted 6.08 to 562.56.

Hong Kong Wharf receded 50 cents to HK$ 35.50 and Jardine Matheson 30 cents to HK$ 12.00, while Hong Kong Bank, Hong Kong Land and Hutchison Whampoa declined 10 cents apiece to HK$ 13.50, HK$ 7.80 and HK$4.575 respectively.

Australia

Markets were firmer-inclined in moderate activity, with Gold shares particularly strong on the record high Bullion prices.

Among Golds, Central Norseman advanced A$3.00 more to A$27.50, while Gold Mines Kalgurli moved ahead 8 cents to A$1.32 and Poseidon 5 cents to 83 cents.

Elsewhere in Minings, CRA climbed 10 cents to A$3.50, while MIM, A$3.23, and Western Mining, A$2.38, were each 3 cents higher.

On the Industrials boards, BHP rose 14 cents further to A$9.46.

United Telecasters gained 65 cents to A$3.05, while News, which said it plans to increase its Telecasters stake, added 8 cents at A$2.78.

The Banking sector was rather nervous and closed narrowly mixed awaiting expected news of a merger partner for Bank of Adelaide, which owns the financially troubled Finance Corporation of Australia. Bank of Adelaide, A$1.22, recouped 2 cents of its recent fall, while ANZ, up 20 cents on Monday on the good interim results, hardened 2 cents more to A$4.62, but BNS Wales shed 5 cents to A$3.55.

Johannesburg

Golds were higher in active trading on strong Bullion prices, dealers noting both local and London demand.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
● SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

CANADA

Bid.	Asked.	Traded.
‖ New stock.		

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

MONTREAL

MONDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ●

COPENHAGEN ♣

MILAN

VIENNA

PARIS

BRAZIL

OSLO

JOHANNESBURG

SPAIN ♥

Financial Rand U.S.$0.84½ (Discount of 28.7%)

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1612

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Banks Ltd.	12 %
Amro Bank	12 %
American Express Bk.	12 %
A P Bank Ltd.	12 %
Henry Ansbacher	12 %
Associates Cap. Corp.	13 %
Banco de Bilbao	12 %
Bank of Credit & Cmce.	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	12 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
Credit Lyonnais	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
London Mercantile	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Rossminster	12 %
Ryl. Bk. Canada (Ldn)	12 %
Schlesinger Limited	12 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	13 %
Shenley Trust	14 %
Standard Chartered	12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee

* 7-day deposits 9½%. 1-month deposits 9¾%.

† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10¼%.

‡ Call deposits over £1,000 9½%.

§ Demand deposits 9½%.

COMMODITIES AND AGRICULTURE

Gundelach pledge on NZ butter

By Dai Hayward in Wellington

NEW ZEALAND will be able to continue sending butter to Britain after 1980 Mr. Jim Gundelach, European Commissioner for Agriculture told New Zealand yesterday. Mr. Gundelach, in New Zealand to study the country's agricultural production industries and for talks with Prime Minister Mr. Robert Muldoon, said "New Zealand would have access to Britain after 1980 when the present EEC agreement expires. He would not, however, give any indication of the level of butter exports which New Zealand might retain.

The EEC had a responsibility to bring its dairy production into line with consumption. It was also looking at a new pricing policy because it had a special duty to act on the high rate of dairy production. Both these moves will help New Zealand.

Mr. Gundelach arrived in New Zealand on International Milk Day. The New Zealand Government and dairy industry leaders are anxious he should understand fully the vital role agriculture plays in New Zealand economy.

Although butter and New Zealand exports to Britain would be the major topic Mr. Gundelach will also be given New Zealand's view on a possible EEC sheepmeat regime.

Big fall in Thai kenaf crop forecast

BANGKOK — A fall in kenaf production during the 1979-80 season by 50 per cent to less than 150,000 tonnes from 300,000 tonnes the previous season was predicted by the Thailand Board of Trade.

This compares with market reports that the 1979-80 crop would be 20 per cent less than 1978-79.

The Board of Trade predicted an acute shortage in the domestic market which will need about 200,000 tonnes.

Dry weather, and the switch to other more remunerative crops such as tapioca, accounted for a smaller kenaf crop, the Board of Trade explained.

Reuter

Lead surges to new high

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD, ALUMINIUM, nickel and silver all reached record prices on the London Metal Exchange yesterday.

The strongest market was lead where the cash price gained £21 to a new peak of £633 a tonne, while the three months quotation traded at more than £600 for the first time ever before closing £14.5 up on the day at £598.

Cash lead has now gained more than £100 during the past month reflecting the shortage of supplies resulting from continued buying by Communist bloc countries, led by the Soviet Union.

The new surge in prices yesterday was triggered off by the decision of Asarco, the U.S. producer, to lift its domestic selling price for lead by 6 cents to 54 cents a lb—one of the biggest-ever single lead price increases.

Buying interest is reported to have come both from trade and speculative sources, with the Russians apparently still showing interest in purchases. Despite the high levels there is said to be a general reluctance to sell, although some traders feel the market may be due for a technical reaction.

Aluminium prices advanced on news of big purchases from the free market by Eastern European countries. Cash aluminium gained £9 to £778 a tonne. Nickel jumped by a further £77.5 to £3,647.5 a tonne on persistent reports that International Nickel was proposing to declare *force majeure* because of the continued strike at its Sudbury mines. An Inco spokesman in Toronto, however, claimed that the company was continuing to meet the bulk of requirements of regular customers and expected to do so until the end of September.

Inco admitted some weeks ago that it was "monitoring" orders to exclude purchases of a speculative or unusual nature, and this kind of "rationing" can be expected to intensify as stocks dwindle. At present no new talks between the company and union representatives at Sudbury are planned, although business leaders in the Sudbury community are reported to be urging the two sides to get together.

Silver rose to new peaks following the uptrend in gold and a rise in the New York market overnight. The London bullion spot quotation was raised by 5.65p to 418.55p an ounce and values moved further ahead in the afternoon with the cash price on the London Metal Exchange closing at 420.5p, a rise of 7.6p on the previous close.

In contrast copper prices fell sharply again in spite of opening higher. Cash wirebars closed £3.75 down at £920.5 a tonne following some persistent selling. In the U.S., Asarco cut its domestic copper price back by 2 cents to 88 cents a pound.

Hide price fall again

HIDES PRICES continued to decline at yesterday's Birmingham sale with 31-35.5 kilo second clear ox hides falling by 9p from 101p, the price at which offerings were withdrawn at last week's Manchester auction.

Lighter hides were 4p or 5p a kilo cheaper.

Dealers said they thought the lower prices represented a reaction against the sharp rises registered at the last Birmingham sale a fortnight ago. But many believe the market has fallen too far and are predicting a renewed rise.

Russian buying appears to have eased off, they said, but reduced slaughterings in Ireland following the change in farmers' tax legislation has reduced supplies.

Drought hits Indian tea

By Our Own Correspondent

CALCUTTA — A continuing drought has hit tea output in several districts of North India especially Chachar and Dooars which between them produce more than 100m kilos of tea annually.

According to industry sources, at least 15 to 20 per cent of the output in these districts will be lost.

As for other areas the Indian Tea Association is currently making estimates of crop losses but it is feared that the loss is substantial.

The drought has damaged the summer paddy crop in West Bengal and has affected the prospects for the next jute crop adversely.

Commodity conference

A ONE-DAY conference on commodity financing and investment will be held at the Carlton Tower Hotel, in London on June 22.

Speakers will examine the roles of the commercial banks and foreign exchange markets as they affect commodity investment as well as overing the drafting of contracts, the use of commodity markets and the effect of international price stabilisation schemes.

The conference is organised by European Study Conferences of Uppingham.

EEC drops alcohol levy plan

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS—The European Commission has dropped proposals for a special charge on sales of alcoholic beverages, intended to finance the cost of the planned common alcohol policy.

It has also conceded, under pressure from Belgium and the Netherlands, that limited quantities of molasses alcohol should be eligible for price guarantees under the scheme. To meet Italian demands, it has broadened the scope of the planned regime to include vermouth and other aromatised wines.

Originally, the Commission suggested that the planned common policy, which would apply only to agricultural alcohol, should be financed out of a special charge amounting to 0.04 units of account (less than 3p) on every bottle of spirits sold in the EEC.

This idea was resisted by several governments, including the UK, which argued that it would impose an unnecessary charge on consumers. It has now been abandoned by the Commission, which is proposing instead that the scheme should be financed through the EEC budget like other elements of the Common Agricultural Policy.

Recovery in coffee demand

CONFIRMATION OF the improvement in the world coffee consumption trend from the low level caused by the record prices which followed the 1975 Brazilian frost came from the International Coffee Organisation yesterday.

Figures compiled from returns by importing members of the organisation showed total imports at 56.64m bags (60 kilos each) in the 1978-79 season compared with 45.51m bags the previous year.

The figures were released after a meeting of the ICO study group on a possible international stock arrangement at which a review was presented by ICO executive director Alexandre Beltrao.

Earlier this month preliminary ICO figures showed coffee exports by exporting members rose to 60.25m bags during the same period from 42.09m in 1977-78. But this is not yet fully reflected in the import estimate because of the time lag between export and import, a spokesman said.

The preliminary ICO estimates put U.S. imports during the 1978-79 period at 19.64m bags against 15.69m in 1977-78, EEC at 23.81m (19.38m), including West Germany, 7.19m (6.16m), France 5.72m (4.56m), Italy 3.42m (2.90m), Netherlands 2.58m (2.25m) and the UK 2.30m (1.57m).

Imports by other major importing countries are estimated at: Canada 1.69m (1.33m), Japan 2.30m (1.97m), Spain 1.86m (1.36m) and Sweden 1.67m (1.10m).

U.S. imports during the first three months of 1979 were, however, slightly lower than during the first quarter of 1978 at 5.18m bags against 5.32m. EEC imports rose to 5.99m from 5.12m and other members' imports increased to 3.46m from 2.43m.

Reuter

COMMODITY AGREEMENTS

Setback for common fund hopes

BY BRIJ KHINDARIA IN GENEVA

AMERICAN REFUSAL at the UN Conference on Trade and Development (Unctad) in Manila to contribute immediately to the "second window" of the planned Common Fund has dealt a harsh blow to one of the third world's main aspirations.

It is expected to further slow down arduous negotiations begun three years ago to complete an integrated programme of commodities agreed at the Unctad meeting in Nairobi. Under the integrated programme, international commodity agreements were proposed for 18 primary commodities which are major export income earners for the third world.

The programme is being implemented through two separate sets of negotiations. One is designed to conclude the commodity agreements and the other to create a common financial fund to operate them.

But the U.S. attitude in Manila has caused a setback to plans for the common fund's establishment by creating new uncertainty about its contents.

It also casts doubt on the results of the major conference in Geneva in March at which it was decided that a Common Fund of $750m should be established as soon as possible. A key feature of the decision was that the fund should have two "windows"—the first to be used exclusively to finance buffer stock operations and second to finance research and development, market promotion and other related activities to boost third world commodity exports.

Developing countries laid great store on the second window because many of them, who do not heavily depend on exports of the commodities included integrated programme, hoped to get money from it.

Major commodity exporting countries also gave the second window great importance as they do not expect the first window to become operational for a long time because of the many difficulties which have emerged so far in the separate negotiations for commodity agreements.

Under the Geneva decision, the first window was to contain $400m supplemented by contributions made by each agreement equivalent to one-third of its estimated financial needs. The second window was to contain $350m of which $70m would be obtained from compulsory Government contributions while the rest would be given voluntarily.

The U.S., the EEC and Japan will reject a third world demand that processed and semi-processed products be include in future commodity agreements, Unctad sources said in Manila yesterday.

They said the market economy countries, meeting to consider a third world resolution on commodities found only minor sticking points, except on two clauses, described by U.S. as totally unacceptable.

This view was echoed by the EEC and Japan.

The clause causing most opposition calls for the inclusion, "where developing countries deem appropriate," in specific commodity negotiations of processed and semi-processed products from the raw materials listed for separate agreements at the last Unctad in Nairobi three years ago.

In Canberra meanwhile Mr. Malcolm Fraser, Australian Prime Minister, called on developed countries to commit themselves to a Common fund to help stabilise world commodity prices.

The US Administration gave its agreement in principle to the Geneva compromise. But it reserved its position in the light of a Congressional decision taken last year under which the U.S. can provide funds for technical assistance to the third world only through bilateral agreements or the United Nations Development Programme. However the U.S. refusal at Manila to contribute to the second window has weakened the only element in the entire commodities programme which the third world saw as being favourable to it so far.

The separate negotiations for international agreements have run into major difficulties because the U.S. and several other industrialised countries feel that the free market mechanism should not be tampered with for many of the commodities concerned.

Developing countries want each commodity to be governed by an agreement containing a buffer stock mechanism which would sell to prevent prices from rising above an agreed "ceiling" and would buy to stop them from falling below an agreed "floor."

They also want price levels to be set in a way so as to increase steadily the real incomes of commodity exporters and producers. In addition, they are seeking financial and technical help to expand their exports and to process more commodities at home before exporting them.

The West views these far-reaching demands with scepticism. It was found that large information gaps needed to be filled concerning the market behaviour of the commodities involved, in addition to conceptual differences between those who favour market regulation and those who did not.

As a result, no new commodity arrangement has yet been reached as in the integrated programme negotiations. Agreements which predated the integrated programme negotiations for cocoa, coffee, tin, sugar and olive oil have been renewed with various modifications. They are now included within the integrated framework because they are among the list of 18 commodities specified in Nairobi.

Natural rubber is the only commodity for which a new agreement may be concluded later this year under the integrated programme.

The other commodities are still far from accords of any kind. These are: cotton, hard fibres, jute, certain vegetable oils, tea, meat, tropical timber, copper, iron ore, manganese, and phosphates. Preparatory negotiations have begun for all them except bananas and bauxite.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on the London Metal Exchange. After opening at £945 and rising up to £950 reflecting the downturn in sterling forward metal came under pressure owing to selling from a particular quarter which depressed the price to £934 on the morning kerb. In the afternoon the price dipped to £928 before closing the late kerb of £932.5. Turnover 20,275 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
Wirebars	£	£	£	£
Cash	922.5	−10	920-1	−3.75
3 months	930-1	−9.25	931.5-2	−5
Settlem't	922.5	−10		
Cathodes				
Cash	909-10	−11.5	909-901	−5
3 months	925-7	−9.5	917-9	−5
Settlem't	910	−15		
U.S. Prod.			*88-85.25	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £929, three months £945, 44, 42, 41, 40, 39, 38, 39, 40, 39.5, 40, 41, 39.5. Cathodes, three months £930. Kerb: Wirebars, three months £938, 37, 36, 35. Afternoon: Wirebars, three months £932, 32, 31, 30, 29, 29, 30, 30, 32, 32.5, 32, 31.5. Kerb: Wirebars, three months £932, 30, 29.5, 31, 32, 33, 32.

TIN—Barely changed in subdued trading. Forward metal opened easier at £7,245 owing to the marginal fall at Penang and fell to £7,235 following hedge selling. However, in the afternoon the price rallied to touch £7,250 prior to closing the late kerb at £7,245. Turnover 1,805 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7460-5	+7.5	7460-70	+12.5
3 months	7245-50	−7.5	7245-50	−15
Settlem't	7445	−15		
Standard				
Cash	7440-5	+7.5	7460-70	+12.5
3 months	7235-40	−7.5	7235-40	−15
Settlem't	7445	−15		
Straits E.	$1951			
New York				

Morning: Standard, cash £7,460, 50, 45, three months £7,240, 45, 50, 45, 40, 35. Kerb: Standard: three months £7,235. Afternoon: Standard, three months £7,245, 40. Kerb: Standard, three months £7,250, 45, 40.

LEAD—Strong in active trading with good buying both from trade and speculative interests. Physical demand remained at a high level while Soviet interest was still apparent. The rise in the market was sparked by Asarco's price rise on Monday. Forward metal started at £588-590 and climbed to £602 before profit-taking caused a fall to £593. In the afternoon the price held steadily between £593 and 596 and closed on the kerb at £595.5. Turnover 10,675 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	632-30	+18.5	632-4	+21
3 months	595.5-4.5	+12	595.5-6.5	+14.5
Sett'ment	630	+15.5		
U.S. Spot			*48	

Morning: Cash £630, three months £598, 88, 95, 94, 94.5, 94, 93, 94, 93.5, 94. Kerb: Three months £594, 93, 93.5, 94. Afternoon: Three months £593, 92, 93, 93.5, 94, 95, 96, 97, 96, 96. Kerb: Three months £595, 96.

ZINC—Steady in routine trading with the market devoid of fresh features. Forward metal spent the day between £387 and 391, closing on the kerb at £387.5. Turnover 4,525 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	375.5-6	+2	374.5-5	+.25
3 months	387.5-8.5	+2.25	387.5	+.5
S'ment	376	+2		
Prim.west			*37.5-3.5	

Morning: cash £376.5, 75, three months £388, 88.5, 88, 88.5, 87, 87.5, 88. Afternoon: cash £374.5, three months £387. Kerb: Three months £388.

ALUMINIUM—Firmer following news that eastern European countries may purchase up to 50,000 tonnes of aluminium ingots from Pechiney and that international primary stocks showed a 10 per cent decline in March. Forward metal moved up to touch £790 in the morning and held in the afternoon to close the late kerb at £786 following profit-taking. Turnover 3,550 tonnes.

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	777-9	+3.5	777-9	+11
3 months	784-.5	+8	785-6	+10

Morning: cash £778, three months £787, 86, 85, 84. Kerb: three months 785. Afternoon: cash £778, three months 783, 84, 85, 86, 86.5. Kerb: Three months £786.

NICKEL—Higher. The initial strength of other metals coupled with the downturn in sterling pushed forward metal up to £3,670 in the morning. However, profit-taking pared the price to 3,650 on the late kerb. Turnover 582 tonnes.

NICKEL	a.m Official	+ or −	p.m. Unofficial	+ or −
Spot	—		—	
3 months	3668-70	+71.5	3645-50	+77.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £3,640, 50, 45, 50, 70, 80, 65, 68. Afternoon: Three months 3,650, 60, 55, 50, 40, 45, 50, 45. Kerb: Three months £3,660, 50, 45.

SILVER

Silver was fixed 5.65p an ounce lower for spot delivery in the London bullion market yesterday at 418.55p. U.S. cent equivalents of the fixing levels were: spot 854.0c, up 10.9c; three-month 875.3c, up 11.2c; six-month 892.4c, up 11.4c; and 12-month 929.3c, up 9.4c. The metal opened at 415½-416½p (840-850c) and closed at 420-421p (858-860c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. close	+ or −
Spot	418.55p	+5.65	420.5p	+7.6
3 months	430.55p	+5.65	439.6p	+7.7
6 months	440.15p	+6.05	—	.....
12 months	460.95p	+7.05	—	.....

LME—Turnover 327 (296) lots of 10,000 ozs. Morning: Cash 419.5; three months 430.5, 30.7, 30.9, 31, 31.2, 31.5, 31.6, 31.5, 31.4, 31.3. Kerbs: Three months 431, 30.8, 30.5. Afternoon: Three months 430.5, 30.8, 30.5, 30.5, 30.6, 31, 32, 32.5, 32.4, 32.5, 32.7, 32.5, 32.9, 32.7, 32.6, 32.8, 32.7. Kerbs: Three months 432, 31.5, 31.3, 31.5, 31.8, 31.3, 31.5.

*

HIDES: Birmingham: market continues to weaken. Second clear Ox 31-35 kilos 90p a kilo (101p withdrawn), 26-30.5 kilos, 102p (106p withdrawn), 22-25.5 kilos, 105p (111.2). Light cows 105p a kilo (110.5p).

COCOA

In spite of further substantial first hand selling cocoa futures continued to remain steady, gaining £15 on last night's levels, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
May	1755.0-1758	+19.5	1775.0-1755
July	1698.0-1697	+18.0	1710.0-1686
Sept	1719.0-1720	+17.5	1729.0-1710
Dec	1770.0-1771	+16.0	1779.0-1754
March	1793.0-1796	+13.5	1799.0-1775
May	1792.0-1800	+14.0	1803.0-1790
July	1805.0-1830	+15.0	

International Cocoa Organisation (U.S. cents per pound): Daily price May 21: 155.22 (152.72). Indicator prices for May 22: 15-day average 150.21 (149.89); 22-day average 148.88 (149.48).

COFFEE

Robustas traded slightly easier during the morning after initial gains were soon erased through some good trade selling, reported Drexel Burnham Lambert. The early afternoon period was quiet but towards the close, heavy trade buying lifted July and September to finish around the highs of the day. Values closed £10 down to £2 up on Monday's levels.

COFFEE	Yesterday's Close £ per tonne	+ or −	Business Done
May	1573-75	−19.0	1599-70
July	1532-30	+1.0	1533-13
September	1519-20		1522-05
November	1513-14	−3.5	1520-01
January	1495-05	−10.0	1505-98
March	1483-89	−6.45	1484-82
May	1470-85	−5.0	1480-79

Sales: 2,891 (2,743) lots of 5 tonnes. ICO Indicator prices for May 21 (U.S. cents per pound). Other Mild Arabicas 149.50 (149.33); Robustas ICA 1976 148.00 (148.43); ICA 1968 148.50 (148.00); Colombian Mild Arabicas 152.25 (152.00); unwashed Arabicas 158.50 (same); composite daily average 149.00.

GRAINS

LONDON FUTURES (GAFTA)—Old crop wheat opened unchanged and values eased on long liquidation in thin volume to close 95p lower. May barley saw slightly more trade but values eased on the day to close 50p down. New crops opened 10p higher and in fairly uneventful trading interest on any dips to close 15-25p higher. Barley in reasonable trading closed 10p lower to 5p higher, the main interest being in the nearbys, reported Acli.

M'nth	WHEAT Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
May	89.15	−0.85	95.40	−0.50
Sept.	91.40	+0.25	85.20	+0.05
Nov.	94.40	+0.20	89.75	—
Jan.	99.10	+0.75	93.35	−0.18
Mar.	101.30	+0.18	99.55	+0.05

HGCA—Location ex-farm spot prices. Feed barley: NE England 100.50, Berkshire and Oxfordshire 95.80. Feed wheat: NE England 103.80, Berkshire and Oxfordshire 102.00.

The UK monetary coefficient for the week beginning May 28 (based on HGCA calculations) is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, May 90.50, June 90.50, July 90.00, sellers. Transhipment East Coast. U.S. Hard Winter 13½ per cent unquoted, EEC unquoted. Maize: U.S.-French May 110.75, June 111.00, sellers transhipment East Coast. South African White unquoted. South African Yellow July 82.00 nominal. Barley: English feed fob June 105.50 quoted transhipment East Coast.

EEC IMPORT LEVIES—The following for May 23 in order current levy plus June, July and Aug. premiums, with previous in brackets. All in units of account per tonne. Common wheat—98.91, 90.38, 90.38, 91.20 (98.91, 90.38, 90.38, 91.51). Durum wheat—150.11, rest nil (150.11, rest nil). Rye—101.51, 100.76, 100.78, 100.76 (101.51, 101.51, 101.51, 101.51). Barley—100.28, rest nil (100.28, rest nil). Oats—98.92, rest nil (100.91, rest nil). Maize (other than hybrid for seeding)—89.69, rest nil (89.69, rest nil). Millet—85.97, rest nil (95.67, rest nil). Grain sorghum—98.31, rest nil (98.83, rest nil). Flour levies: Wheat or mixed wheat and rye

RUBBER

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
June	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]

Sales: 35 (19) lots of 5 tonnes, 452 (643) at 15 tonnes.

SOYABEAN MEAL

London market opened a pound firmer on continued Commission House speculative buying, reported T. G. Roddick. Market closed near highs of day.

	Yesterday's Close	+ or −	Business Done
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

Sales: 138 (190) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £97.00 (same), a tonne cif for May-June shipment. White sugar daily price was £107.00 (£105.00).

After opening little changed from overnight quotations, the market improved somewhat in quiet trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug	105.80-05.85	104.25-04.35	105.80-05.25
Oct	108.20-08.25	108.25-08.30	108.30-07.40
Dec	112.25-12.40	112.25-12.40	112.50-11.80
March	117.50-17.40	117.25-17.30	117.45-16.40
May	119.95-20.00	120.10-20.25	119.35
Aug	123.70-24.00	123.80-24.50	—
Oct	127.00-28.50	127.55-28.50	—

Tate and Lyle ex-refinery price for granulated basis white sugar was £278.50 (same) a tonne for home trade and £157.50 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for May 21: 7.74 (7.70): 15-day average 7.88 (same).

WHITE SUGAR—Close (in order buyer, seller, business, sales): July 105.70, 105.80, 105.50-104.85; Sept. 109.10, 109.15, 109.25-109.50; Nov. 112.00, 112.10, 112.00-111.50; Feb. 119.10, 119.50, 118.75; April 121.95, 122.00, 121.75; July 125.50, 126.00, nil, nil; Sept. 129.50, 130.00, nil, nil. Sales: 296.

*

GRIMSBY FISH—Prices at ship's side (unprocessed) per stone: Shelf cod 4.50-5.30; codlings 2.80-4.00. Large haddock 3.60-5.00; medium 3.00-4.20; small 2.00-2.80. Medium plaice 4.80-5.30; best small 3.00-4.30. Skinned dogfish, large, 7.50, medium 4.50. Lemon soles, large, 6.50, medium, 5.00. Rockfish 2.20-2.90. Reds 2.70-2.90. Saithe 1.40-2.30.

*

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 76 tonnes, bringing the total for the week so far to 175 tonnes. Limited contracts were again exchanged without much pressure from users. Small purchases were mainly in Middle Eastern qualities, with Israeli and Turkish growths in chief request.

WOOL FUTURES

LONDON GREASY—Close (in order: buyer, seller): May 220.0-230.0, nil, nil; July 220.0, 230.0, nil, nil; Oct. 220.0, 235.0, nil, nil; Dec. 220.0, 240.0, nil, nil; March 230.0, 240.0, nil, nil; May 230.0, 240.0, 235.0, nil; July 230.0, 240.0, nil, nil; Oct. 230.0, 240.0, nil, nil. Sales: 10.

SYDNEY GREASY—Close (in order: buyer, seller, business, sales). Micron Contract—May 387.0, 388.0, 388.5, 387.0; July 399.5, 399.5, 399.5, 400.0; Oct. 405.0, 404.0, 404.0, 404.5; Dec. 405.5, 405.3, 405.3, 405.3; March 408.0, 408.0, 407.0, 408.0; May 410.0, 410.0, 409.0, 411.0; July 413.0, 412.5, 412.0, 415.0; Oct. 414.0, 417.0. Sales: 23.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): May 180.0, 197.0, nil, nil; July 186.0, 202.0, nil, nil; Oct. 118.0, 203.0, nil, nil; Dec., March, May, July, Oct. 203.0, 209.0. Sales: nil.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on May 22. GB cattle 80.04p per kg.l.w. (+1.55); UK sheep 184.2p per kg.est.d.c.w. (−0.2); GB pigs 56.2p per kg.l.w. (−2.0). England and Wales: Cattle numbers down 3.2 per cent, average price 79.77p (+1.76); Sheep numbers down 20.0 per cent, average price 184.9p (+0.9); Pig numbers up 0.7 per cent, average price 55.3p (−2.5). Scotland: Cattle numbers up 9.6 per cent, average price 80.79p (+0.75); Sheep numbers down 86.4 per cent, average price 165.1p (−27.0); Pig numbers up 35.0 per cent, average price 91.8p (+0.4).

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—Imported Produce: Oranges—Israeli: Valencia Lates 4.40-6.50; Cypriot: 5.00-6.00; Moroccan: Valencia Lates 58/113 5.00-5.60; Brazilian: 5.30-5.50; Spania: Blodo 5.20-5.50. Lemons—Italian: 100/120s 5.30-5.50; Spania: trays 30/40/45 1.80-2.20; S. African: 5.00-6.50; Brazilian: trays 2.80-3.00. Grapefruit—Cypriot: 4.00-4.80; Israeli: Jaffa 35/88 4.00-4.80; S. African: 30/64 3.20-3.80. Apples—S. African: Granny Smith 5.80-7.20, White Winter Pearmain 9.00-6.50, Starking 7.00-7.40, Dunn's 6.00-6.50, Golden Delicious 7.20-7.80; New Zealand: Cox's Orange Pippins 7.80-8.80, Golden Delicious 7.40, Red Delicious 7.50; Tasmanian: Jonathans 6.60-7.00, Sportans 7.00, Cox's Orange Pippins 7.50-8.90, Golden Delicious 5.50-9.00; French: Golden Delicious 72s 2.50-2.70, 84s 2.30-2.40, jumble pack per pound 0.10; Italian: Rome Beauty per pound 0.13; Washington: Red Delicious per box 8.00-10.00; Delicious 9.00-8.50; Dutch: Golden Delicious jumble pack 22 lb 1.90; W. Australian: Granny Smith 7.00-7.20. Pears—S. African: cartons Beurre Bosc 5.50-6.80, Packham's 8.20-8.50, Packham's 9.00-9.50; Italian: Passacrassana trays 14 lb 2.30-2.40; Victorian: Josephines 9.10-9.40. Bananas—Jamaican: per 28 lb 4.20. Grapes—S. African: cartons, Barlinka 4.80, Golden Hill 7.50, Emperor 4.80, Almeria 7.50; Chilean: Emperor 4.80. Strawberries—Italian: approx. ½ lb punnets 0.22½-0.25; Spanish: 0.25-0.30; French: 0.25. Cherries—Lebanese: per pound 0.70; Cypriot: 0.80; Italian: 0.60; French: 0.70. Apricots—Spanish: approx. 11 lb 4.00-5.00. Avocados—S. African: 2.80-3.20. Onions—Dutch: 2.00-3.00; Chilean: 4.80-5.50; Canary: 5.00-5.20; Israeli: 5.30-5.50; Texas: 5.30; Spanish: 5.20. Tomatoes—Canary: 2.80-3.20; Jersey: per tray 4.00; Dutch: 4.20-4.30; Guernsey: 3.60-4.20. Cabbages—Dutch: White net 5.80-6.50. Potatoes—Egyptian: 50 lb 4.80-4.90; Cypriot: 5.40; Jersey: per pound 0.24-0.25; Greek: 4.30-4.50; Italian: 5.10; Spanish: Mataros 4.60, Valencias 5.50, Majorcan 6.80-6.20. Capsicums—Canary: 5 kg 3.50-3.60; Dutch: 4.80. Carrots—Cypriot: 10 kilos 2.30-2.40; Italian: approx. 22 lb 2.20; Israeli: 1.80. Asparagus—Californian: per pound 0.90-1.00; Hungarian: 0.80; Texas: per pound packet 0.12. Celery—American: 36s 12.50, 24s 9.50.

English Produce: Potatoes—per 25 kg 2.30-2.70. Lettuces—per 12 round 1.40-1.60. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley 0.03-0.09. Beetroots—per 28 lb 1.40, long 2.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 22 1979	+ or −	Month ago
Metals			
Aluminium	£710		£710
Free Mkt (cts)	$1550/75		$1,340/60
Copper			
Cash w'bar	£920.25	−1.25	£1,007.25
3 mths	£930.75	−4.5	£1,021.25
Cash Cathode	£910	−1.25	£988.5
3 mths	£922.75		£1,002.5
Gold troy oz	$255.875	+7.0	$241.375
Lead Cash	£633	+21	£535.5
3 mths	£598	+14.5	£514.5
Nickel	£3,250		£2,650
Free mkt (c/lb)	315/360c		257/75c
Platin'm tr'y oz	£171		£159
Free mkt	£218.85	+4.9	£190.05
Quicksilver	$325/40	+7.5	$270/77
Silver troy oz	418.55p	+5.65	350.1p
3 months	424.70p	+6.1	356.8p
Tin cash	£7,462.5	−12.5	£7,305
3 mths	£7,259.5	−15.0	£7,117.5
Tungsten	$152.9		$137.42
Wolfram 22.04 cif	$139/42		$134/38
Zinc cash	£374.5	−0.5	£378
3 months	£386.75	−2	£389.8
Producers	$850		$850
Oils			
Coconut (Phil)	$1,110y	−5.0	$1,150
Groundnut			£605
Linseed Crude	£382		£389.8
Palm Malayan	$665.5r	+9.0	$687
Seeds			
Copra Philip	$735z	+5.0	$740
Soyabean (U.S.)	$310.5r	+4.35	$303.4
Grains			
Barley Futures	£86.40	+0.25	£86.95
Maize			
French No 3 Am	£110.75	−1.0	£111.0
Wheat			
No. 1 Red Spg.			
No2 Hard Wint.			
Eng. Milling †	£107.5x		£101.5x
Other commodities			
Cocoa ship't	£1,777	+13.0	£1,560
Future July	£1,596.5	+13.5	£1,504.5
Coffee Ft'r July	£1,589.5	+2.0	£1,551.5
Cotton A'index	*75.15c		73.15c
Rubber kilo	64.25p	+1.5	60.5p
Sugar (Raw)	£97		£94
Woolt'p's 64s kl	280p		285p

* Nominal. † New crop. ‡ Unquoted. q May-June. r July. s July-Aug. u June. w Sept. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

CHICAGO, May 22. Lard—Chicago loose 26.50 (same). Live Hogs—June 45.70 (46.07), July 45.47 (46.17), Aug. 42.37, Oct. 39.12, Dec. 40.12, Feb. 40.30, April 39.00, June 39.57, July 41.30. Sales: 3,901. ††Maize—July 257¼-257½ (257¼), Sept. 259-259¼ (270), Dec. 271¾-272, March 280, May 287¼, July 289½. ††Wheat—July 260.0 (260.7), Sept. 201.5 (201.8), Nov. 199.4 bid, Jan. 200.7, March 203.5, May 204.0 asked. Pork Bellies—May 49.15 (50.20), July 45.07 (49.02), Aug. 46.42, Feb. 51.52, March 50.80, May 51.05, July 51.80, Aug. 50.40. Sales 5,334. Shell Eggs—June 51.85 bid (52.40), July 56.00 (56.00), Aug. 57.00 asked, Sept. 58.60, Oct. 55.60, Dec. 55.60. Silver—May 858.0 nom. (845.7), June 870.0-869.0 (859.0), July 877.0, Aug. 883.0-883.5, Oct. 899.0, Dec. 911.0, Feb. 924.0, April 937.0, June 950.0, Aug. 963.0, Oct. 976.0, Dec. 990.0, Feb. 1,003.0, April 1,016.0, June 1,029.0, August 1,042.0, Oct. 1,056.0, Dec. 1,069.0, Feb. 1,083.0. ††Soyabeans—July 743-741 (740), Aug. 747-746 (744½), Sept. 735-735½, Nov. 727-726½, Jan. 737-738, March 749, May 755½, July 761. ||Soyabean Meal—July 196.90-196.80 (195.10), Aug. 197.50-198.00 (196.40), Sept. 197.50, Oct. 198.50, Dec. 198.00-197.60, Jan. 199.00-199.20, March 202.00, May 203.00-203.50, July 204.00. Soyabean Oil—July 26.32-26.27 (26.42), Aug. 26.42-26.40 (26.55), Sept. 26.40, Oct. 26.30-26.20, Dec. 26.15-26.10, Jan. 26.10-26.15, March 26.20-26.15, May 26.25, July 26.20, Aug. 26.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ‡ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ¶ Cents per dozen.

WINNIPEG, May 22. §Rye—May 110.00 asked (110.00), July 108.80 bid (107.60 bid), Oct. 108.90 asked, Dec. 109.00 bid. §Barley—May 105.40 (104.50 asked), July 95.40 (94.30), Oct. 93.30-93.40, Dec. 91.10 bid, March 91.00 asked. §Oats—May 87.50 asked (87.00 asked), July 82.00 bid (80.50 bid), Oct. 89.20 asked, Dec. 87.50 asked, March 87.00 asked. §Flaxseed—May 321.00 bid (321.00 bid), July 313.00 bid (312.00 bid), Oct. 304.10 bid, Nov. 300.00 bid, Dec. 290.50 bid. §Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 182.10 (same).

Monday's closing prices

NEW YORK, May 21. *Gold—May 255.80 (259.00), June 257.50 (260.00), July 270.00, Aug. 272.40, Oct. 277.00, Dec. 281.70, Feb. 287.30, April 292.20, June 297.10, Aug. 302.00, Oct. 307.10, Dec. 312.10, Feb. 317.10. Cocoa—May 147.70 (148.40), July 151.45 (147.45), Sept. 154.25, Dec. 157.25, March 158.75, May 159.80, July 160.90. Coffee—"C" Contract: May 150.38 (150.50), July 154.01 (152.03), Sept. 157.50, Dec. 154.50, March 150.55, May 151.00, July 150.50, Sept nil. Copper—May 83.50 (83.65), June 84.15 (84.15), July 84.70-84.80, Sept. 86.00-86.10, Dec. 86.50-86.85, Jan. 87.00, March 87.00, May 87.60, July 87.80, Sept. 88.00, Dec. 88.35, Jan. 88.40, March 88.55. Cotton — No. 2: July 61.55-61.70 (61.95), Oct. 62.70-62.80 (63.24), Dec. 62.12-62.30, March 63.10, May 63.95 bid-64.10 asked, July 65.15 bid-65.30 asked, Oct. 65.15 bid-65.30 asked. Platinum—May 446.20 (439.50), June 446.00 (439.20), July 445.70, Oct. 445.70, Jan. 447.20, April 449.10, July 451.40, Oct. 453.80. ‡Silver—May 855.00 (829.30), June 861.80 (831.80), July 859.00, Sept. 873.80, Dec. 893.80, Jan. 900.00, March 912.40, May 924.90, July 937.40, Sept. 949.90, Dec. 969.40, Jan. 975.70, March 988.30. Handy and Harman spot 840.50 (829.50). Sugar—No. 11: July 7.75 (7.88), Sept. 8.25 (8.35), Oct. 8.45-8.46, Jan. 9.75-8.88, March 9.27-9.28, May 9.53, July 9.78, Sept. 9.99, Oct. 10.05.

EUROPEAN MARKETS

ROTTERDAM, May 22. U.S. No. Two dark hard winter wheat 13.5 per cent unquoted. U.S. hard winter wheat ordinary unquoted. U.S. No. Two red winter wheat June 153.50, July 151.75, August 153, Sept 164, Oct. 167.50. U.S. No. Two northern spring wheat 14 per cent May 167, June 166.50, July 165, August 165, Sept. 186.50.

Maize—U.S. No. Three Corn Yellow, June 133, July-Sept. 134.75, Jan.-March 142. Traded afloat 132, June 133.25, July-Sept. 135, Oct.-Dec. 137, Jan.-March 142.50.

Soyabeans—U.S. Two Yellow Gulfports June 301.90, July 303.40, Aug.-Sept. 304.25, Oct. 297.50, Nov. 295.75, Dec. 299, Jan. 302.38, Feb. 307, March 308.50, Apr. 310.25, May 311.50. Argentine half May/half June 290, June 289.50, July 289.50, Aug. 289.50. Traded June at 289.

Soyameal—44 per cent protein. U.S. afloat 242, May 242.50, June-July 242 traded afloat 243, May 242.50, June-July 243, July-Sept. 243, Nov.-Mar. 246 sellers. Brazil Pellets afloat 242. Traded afloat 243, May 243.50, June 245, July 246, Aug. 247.80, June-Sept. 246.50 sellers.

PARIS, May 22. Sugar—(FFr per 100 kilos): July 936-944, Aug. 950-952, Oct. 987-993, Nov. 985-995, Dec. 1,016-1,025, March 1,050-1,057, May 1,062-1,075, July 1,070-1,085.

INDICES

FINANCIAL TIMES

May 21	May 18	M'nth ago	Year ago
279.43	979.35	972.12	250.57

(Base: July 1, 1952=100)

MOODY'S

May 21	May 19	M'nth ago	Year ago
1056.6	1055.0	1044.6	921.6

(December 31, 1931=100)

DOW JONES

Dow Jones	May 21	May 18	Month ago	Year ago
Spot	389.39	388.53	384.97	358.85
F'tur's	398.31	395.77	397.56	352.39

(Average 1924-25-26=100)

REUTERS

May 22	May 21	M'nth ago	Year ago
1581.6	1579.8	1545.0	1485.9

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Better feeling leaves firm close after early struggle

Index rallies 6.9 to 517.6—Company news unhelpful

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
May 8	May 17	May 18	May 30
May 21	May 31	Jun 1	Jun 12
Jun 4	Jun 14	Jun 15	Jun 26

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets traded in much steadier conditions yesterday after the recent sharp setback, but found the going difficult with continuing concern about the inflationary and other economic pressures added to by another big rights issue—a £59m call from Thomas Tilling—and by the warning of substantially reduced first-half profits from Fisons.

British funds moved narrowly and after being ¼ down, ended little changed on balance helped by sterling's late recovery. Gold and other mining issues continued to benefit from inflationary hedge buying and further strength in the backing commodity prices. The Gold Mines index rose 6.9 to 188.2, its highest for eight months.

The announcement from Tilling came right at the start of dealings but leading shares were raised a couple of pence on hopes that the recent heavy shake-out of loose holders might lead to a return of buyers. In the event, no follow-through support was forthcoming and the profits warning from Fisons just before mid-day brought minds to bear on trading statements due from half a dozen important companies today and tomorrow.

However, the better feeling at the opening was reasserted in the late trade and a further mark up left the Industrial Ordinary share index at the day's best with a rise of 6.9 at 517.6. The market's earlier struggle was illustrated in an index rise of 5.1 at 11 am being whittled away to a mere 1.6 at 3 pm.

Although still a sensitive market, Government stocks took on a much steadier appearance as the trading session drew to a close. Once again, the day's trend mainly mirrored the movement in sterling which was lower for most of the day. Down around ½ in the earlier dealings, long-dated stocks rallied to finish ⅛ off on balance with firmer tendency continuing into the late trading. Short-dated issues ended ⅛ higher on the day after showing losses of that amount. The overall recovery was also asisted by the lack of further selling.

A heavy institutional demand for investment currency in a market none too well supplied with stock saw the premium improve steadily and finish 2½ up at 59½ per cent. Yesterday's SE conversion factor was 0.8003 (0.8103).

With little activity in equities, interest in Traded options was confined in those due to report trading statements shortly. BOC, in front of today's interim statement, attracted 92 contracts out of a total of 736. Courtaulds, annual results due tomorrow, recorded 83, while other active issues included EMI, 83, and ICI, 76.

ANZ lower

The major clearing banks staged a small technical rally. Lloyds picked up 6 to 322p as did Midland, to 392p. Up 15 the previous day in response to the higher interim profits and proposed 25 per cent scrip-issue, ANZ reacted 8 to 297p on the announcement that the group is to merge with the Bank of Adelaide; the latter cheapened 5 to 75p.

Firmer conditions returned to Insurances but the volume of business was small. Royals retrieved 8 to 388p.

Among Buildings, Taylor Woodrow, at 426p, regained the previous day's fall of 6, but contract news failed to benefit Fairclough Construction which eased 3 to 77p. A Press mention directed attention towards Derek Crouch which improved 2 to 127p, while renewed demand lifted Leyland Paint 3 to 146p and Watts Blake Bearne 5 to 167p, the last-mentioned in a thin market. Benlox were notably dull at 35p, down 3, but Galliford Brindley attracted support and firmed 1½ to 73p. Timbers displayed an easier bias.

The chairman's warning of substantially lower profits in the first-half prompted a reaction of 10 to 268p, after 264p, in Fisons. ICI fluctuated narrowly before settling for a rise of 2 to 372p.

Hardy ord. easier

Leading Stores recovered some lost ground mainly on technical influences. Marks and Spencer rallied 4 to 115p and Gussies A picked up 2 to 410p. The announcement that Lonrho now holds a near 30 per cent stake in House of Fraser sparked off renewed speculative support in the latter on the belief that a full-scale offer may be in the offing and the close was 2 higher at 187p. Elsewhere, profit-taking after the previous day's surge of 54 left Hardy (Furnishers) down at 164p, after 160p, while the A N/V closed unaltered at 97p; bidders Harris Queensway ended 2 dearer at 241p after the chairman's AGM statement. Bambers, 275p, and Empire, 244p, regained 10 apiece.

Electrical leaders closed without much alteration on the day. Secondary issues, however, presented a rather mixed appearance. Racal rallied 9 to 477p and MK picked up 4 to 268p. On the other hand, Eurotherm remained on offer at 323p, down 5, while Berec gave up 4 more to 118p awaiting tomorrow's preliminary statement.

The absence of further selling was mainly responsible for a better trend in the Engineering leaders where John Brown rallied 9 to 537p and Hawker 8 to 230p. Elsewhere, Mining Supplies featured with a jump of 22 to 107p on the announcement of the bid discussions with Dobson Park, while Jenks and Cattell, interim results due tomorrow, moved up 1½ more to 110p compared with the cash bid worth 81p per share from Armstron Equipment. Newman Tonks responded to Press mention with a rise of 5 to 86p, while news that Steinborough Securities had increased its holding in the company to nearly 25 per cent left Wombwell Foundry 4½ to the good at 49½p. Other bright spots included Ayrshire Metal, 64½p, up 3, and Camford Engineering, 71p, up 2, following their respective trading statements.

Steady for most of the session, Foods were inclined firmer in the late dealings with Cadbury Schweppes picking up 1½ to 62½p and Tate and Lyle a couple of pence to 146p. Spillers put on 3 to 42½p in response to Press comment and J. Bibby added 5 to 415p. Renewed speculative demand lifted Louis C. Edwards 4 to 44p, but lower annual profits left P. Panto 3 off at 19p.

Particularly dull of late on rights issue rumours, Grand Metropolitan rallied 5 to 152p. Among other Hotels and Caterers, Reo Stakis improved 1½ to 57½p in response to the higher interim profits and renewed speculative demand lifted Savoy A 6 to 117p.

T. Tilling fall

A technical improvement by the miscellaneous industrial leaders saw closing gains ronge to 7. Boots, preliminary results tomorrow, ended that much dearer at 214p, while Beecham, annual figures on the same day, hardened 2 to 665p. Thomas Tilling contrasted with a fall of 13 to 150p in reaction to news of the proposed £59m rights issue. Elsewhere, Uniflex rose 8 to 98p following the much-better-than-expected results and Thermal Syndicate jumped 16 to 124p on takeover suggestions. IAS Cargo advanced 14 to 121p on the disclosure that the company is having merger discussions with Transmeridian Air Cargo, a subsidiary of Trafalgar House's Cunard Steam Ship. Suspended last Friday at 27p, dealings resumed yesterday in Movitex, which closed at 29p; over 50 per cent of the company's equity has been placed with institutions at 28p per share. The recently much-troubled Fairbairn Lawson rallied 3 to 36p and Henry Boot improved 7 to 117p. Still reflecting Press comment, Hays Wharf added 6 to 170p and Dunbee Combex put on 4 to 62p. E. Fogarty, on the other hand, lost 3 to 313p on profit-taking, and falls of 6 and 9 respectively were sustained by Lawtex, 58p, and Caplan Profile, 237p.

Horizon Midlands proved sensitive to scattered selling and fell 10 to 236p before settling 7 off on the day.

Early selling among Motors subsided and, following a reasonable afternoon demand, most issues reversed the morning's losses. British Car Auctions finished 2 up at 72½p, after 68p, while Harold Perry, 160p, Lex Service, 102½p, and Hartwells, 119p, all added around 4. Late interest also left Components with a firmer appearance, Lucas rallying 4 to 296p.

Properties regained a certain amount of composure following recent weakness with the leaders ending with gains to 3p. Elsewhere, North British Properties, the company formed to handle the property investment business of Bellway, moved up 10 to 115p, after 117p, following the announcement of Sun Life's purchase of 2¼m shares. Corn Exchange, in bid discussions with Rothschild Investment Trust, moved up 30 to 340p following the result of a property revaluation.

A recovery in the Oil sector became more positive in the afternoon. British Petroleum, however, were relatively subdued at 1088p, up 4. Shell ended 14 to the good at 754p while, in the speculative North Sea issues, Lasmo advanced 12 to 204p and the OPS 25 to 645p. Tricentrol, up 14 at 216p, continued to benefit from the announcement that the company expects to resume normal production at its Quebec refinery shortly. Oil Exploration firmed 8 to 232p and Burmah 6 to 113p.

Trusts traded quietly and without any decided trend. Among Financials, Fashion and General slipped 5 for a two-day fall of 10, to 160p, still affected by the results.

In mixed Shippings, P and O firmed 4 to a 1979 peak of 94p, while Reardon Smith A put on a similar amount to 57p in a narrow market.

Courtaulds, expected to announce good annual results tomorrow, rose 3 to 108p, while recently dull David Dixon added 6 at 146p. Leeds and District Dyers eased slightly to 72p after the reduced mid-term profits, while Scott and Robinson held at 47p on the higher preliminary figures and dividend.

Late buying lifted Tobaccos, Bats putting on 8 to 288p, and the Deferred 7 to 285p.

Plantations remained quiet, although the higher investment dollar premium saw rises of 6 and 5 respectively in Kuala Lumpar Kepong, 91p, and Kulim, 56p.

Golds in demand

Although tending to ease towards the close of trading following profit-taking, South African gold shares nevertheless showed further strong gains as the bullion price forged ahead to register a fresh all-time closing high of $265.875 an ounce — a day's rise of $2 — after $266.875.

Interest in the share market was mainly from London and Continental sources with buying demand at its heaviest throughout the morning and early afternoon.

The Gold Mines index advanced a further 6.9 to 188.2, its highest since mid-September last year — while the ex-premium index added 3.7 more to 150.6 — its highest since January 2, 1976.

Among heavyweights, Hartebeest were outstanding with a £1¾ rise at £17¾, while Randfontein put on £1¼ to £31. Medium-priced issues showed improvements of over 30 common to East Driefontein, 825p, Western Areas, 390p, and President Steyn, 874p.

Aggressive overseas and London buying prompted substantial gains in South African Financials. General Mining featured with a further 30 rise to a 1979 high of 630p — a week ago the shares were 490p. Union Corporation and UC Investments both closed around 12 up at respective 1979 highs of 438p and 330p.

London Financials rallied in the after-hours' trade in line with the UK equity market. Record free market platinum prices left Impala 8 up at 225p and Rustenburg 4 harder at a high of 176p.

Elsewhere, Tins showed Saint Piran 3 cheaper at 73p following adverse Press mention.

LONDON TRADED OPTIONS

Option	Ex'r'se price	July Closing offer	Vol.	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	Equity close
BP	1200	28	1	52	—	72	—	1084p
BP	1300	9	16	30	10	50	—	"
Cons. Gold	200	72	12	70	—	—	—	266p
Cons. Gold	240	35	17	40	2	50	—	"
Cons. Gold	260	21	11	30	6	59	—	"
Cons. Gold	280	10	2	19	1	25	—	"
Courtaulds	100	11	10	13½	—	18	—	107p
Courtaulds	110	0	15	9½	—	12	5	"
Courtaulds	120	3½	50	5½	—	0	—	"
Courtaulds	130	1½	3	—	—	—	—	"
GEC	420	32	17	50	5	70	10	416p
GEC	460	15	55	50	1	50	0	"
Grand Met.	140	12	—	24	10	30	—	152p
Grand Met.	100	11	2	10	2	21	—	
Grand Met.	180	5	12	10	—	15	—	"
ICI	390	12	10	23	20	29	—	371p
ICI	420	4½	41	10	—	20	—	"
Marks & Sp.	90	27	1	30	—	—	—	113p
Marks & Sp.	120	8½	71	13	—	18	—	"
Marks & Sp.	150	5	10	10	—	14	25	"
Shell	700	45	10	05	1	92	—	702p
Shell	800	25	6	2	1	72	—	"
Totals			374		01		40	
		May		August		November		
BOC Intl.	70	8½	—	13	7	15½	—	77p
BOC Intl.	80	1	—	0½	63	8½	22	"
Boots	200	11	20	19	—	37	—	208p
Boots	220	1½	—	9½	2	16	—	"
EMI	100	12	—	26	—	28	2	111p
EMI	110	4	—	18	4	24	6	"
EMI	120	1½	—	10	21	16	15	"
EMI	130	½	—	7	35	13	2	"
Imperial Gp.	100	½	—	4	30	7	—	94p
RTZ	280	33	1	63	—	73	—	311p
RTZ	330	2	8	20	12	40	7	"
Totals			20		178		54	

FINANCIAL TIMES STOCK INDICES

—	May 22	May 21	May 18	May 17	May 16	May 15	A year ago
Government Secs.	72.58	72.68	73.15	73.32	73.33	73.11	70.59
Fixed Interest	74.99	74.99	75.66	75.87	75.89	75.86	71.97
Industrial	715.6	510.7	522.2	530.7	536.2	626.4	470.6
Gold Mines	188.2	181.3	175.7	177.2	175.4	170.0	155.1
Gold Mines(Ex-$ pm)	150.6	146.9	142.9	144.3	143.9	140.5	105.2
Ord. Div. Yield	5.71	5.77	6.64	5.55	0.50	5.57	5.39
Earnings, Yld. % (full)	15.31	15.48	15.14	14.89	14.75	14.94	16.98
P/E Ratio (net) (*)	8.58	8.29	8.48	8.69	8.70	8.55	7.88
Dealings marked	5,423	5,836	4,820	4,959	4,624	4,019	4,953
Equity turnover £m.	—	102.48	131.39	107.08	98.45	94.50	69.68
Equity bargains total	—	17,460	19,141	16,832	14,936	14,908	13,314

10 am 513.9. 11 am 515.8. Noon 513.9. 1 pm 512.5. 2 pm 512.5. 3 pm 512.3.
Latest Index 01-246 8026.
*Nil=8.12.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4.5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (6.5)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.0 (4.5)	446.1 (12/2)	558.6 (4/5/79)	40.4 (26/6/40)
Gold Mines	188.2 (22.5)	129.9 (17/4)	448.5 (22/5/75)	43.5 (26/10/71)
Gold Mines $ (Ex-pm)	150.0 (22.5)	20.2 (2/11)	537.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	May 22	May 21
—Daily		
Gilt Edged	92.4	93.5
Industrials	203.4	218.7
Speculative	61.1	46.4
Totals	183.4	138.8
5-d'y Av'r'ge		
Gilt Edged	95.0	95.0
Industrials	187.8	170.0
Speculative	52.0	46.4
Totals	116.7	110.3

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (79)

AMERICANS (1)
Zapata
BEERS (1)
Scot. & Newcastle
BUILDINGS (1)
Warrington
ENGINEERING (4)
Bromsgrove Casting, Mining Supplies, Jenks & Cattell, Wombwell Foundry
FOODS (1)
Clifford's Dairies
HOTELS (1)
Savoy A
INDUSTRIALS (10)
Barlow Rand, Movitex, G.R. (Holdings), Sale Tilney, Hay's Wharf, Somic, IAS Cargo, Thermal Syndicate, Do. 6pc Conv. Pf., Uniflex
PROPERTY (2)
Bellway, Corn Exchange
SHIPPING (2)
P. & O. Defd., Reardon Smith A
SOUTH AFRICANS (3)
Anglo American Ind., Rex Trueform A, Hulett's Corp.
OILS (1)
Gas & Oil Acreage
RUBBERS (6)
Bertam Cons., Kulim, Cons. Plants., Malakoff, Kuala Kepong, Plantation Hldgs.
MINES (46)
East Rand Prop., President Steyn, Grootvlei, Unisel, Leslie, Anglo-American Coal, Marievale, Anglo Amer. Corp., South African Land, Anglo-American Gold, Vlakfontein, Anglo-Vaal, Wit. Nigel, Gen. Mining, Blyvoor., Gold Fields S.A., Deelkraal, Jo'burg Cons., Doornfontein, Sentrust, Elsburg, U.C. Invest., Elandsrand Gold, Union Corp., Hartebeest, Anglo-Am. Inv., Kloof Gold, Lydenburg, Libanon, Rustenburg Plat., Southvaal, Falcon, Stilfontein, Wankie Colliery, Vaal Reefs, Hampton Areas, Venterspost, Metals Exploration, Zandpan, Idris Tin, Free State Dev., Pengkalen, F.S. Saaiplaas, South Kinta, Loraine, Sungei Besi

NEW LOWS (31)

BANKS (1)
Deutsche Bank
BUILDINGS (2)
Brownlee, Douglas (R. M.)
CHEMICALS (1)
Fisons
ELECTRICALS (1)
Petbow
ENGINEERING (3)
Allen (W. G.), Sanderson Kayser, Bamfords
FOODS (1)
Panto (P.)
INDUSTRIALS (9)
Esperanza, Renown Inc., Evode, Silhouette A, L.R.C. Intl., Wedgwood, Lawtex, Witter (T.), Pentos Defd.
LEISURE (2)
Black & Edgington, Saga Holidays
SHOES (1)
Allebone
TEXTILES (2)
Pickles (W.), Rivington Reed
TRUSTS (4)
Clydesdale Inv., G.T. Japan, Crescent Japan, Jardine Japan
OILS (2)
Siebens (U.K.), Viking Oil
OVERSEAS TRADERS (1)
Utd. City Merchants 10pc Ln.
MINES (1)
Endeavour

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	21	42	21
Cpn. Dom. and Foreign Bonds	7	18	41
Industrials	296	384	733
Financial and Prop	106	154	244
Oils	19	3	16
Plantation	11	7	14
Mines	87	7	48
Others	78	14	43
Totals	625	627	1,16[illegible]

APPOINTMENTS

Grattan (Management) Board

Grattan Warehouses has formed a subsidiary called GRATTAN (MANAGEMENT), responsible for the management of trading and assets of Grattan and its subsidiaries to achieve policies laid down by the board of Grattan Warehouses.

Directors of the new concern are Mr. M. L. Place (chairman and managing director), Mr. D. W. Allanach (catalogue), Mr. A. B. Andrews and Mr. D. F. Cunningham (buying, Mr. K. M. Gray (company secretary and administration), Mr. E. J. Haslam (operations), Mr. J. A. Kirk (distribution), Mr. W. R. L. LeFevre (sales administration), Mr. D. McKechnie (management services), Mr. J. Mulholland (accounting services), Mr. R. P. M. Owthwaite (sales), Mr. C. Thomas (personnel) and Mr. E. M. Watson (finance).

The new directors will continue to be responsible for their present functions within the existing reporting structure. Mr. Place, Mr. Gunningham, Mr. Gray, Mr. Haslam, Mr. Owthwaite, Mr. Thomas and Mr. Watson are main board directors.

Grattan states that the formation of Grattan (Management) will link its management more closely and effectively to the main board. Each director is responsible as a director of the board of Grattan (Management) for contributing to the effective operation of the total company, as well as for his own individual function.

*

Mr. Timothy Pratt has been appointed director of the legal division of the OFFICE OF FAIR TRADING in succession to Mr. John Bailey. Mr. Brian Nixon takes over from Mr. Jim Humble as assistant director of the consumer affairs division. Mr. Bailey has returned to the Treasury Solicitor's Department as deputy treasury solicitor. Mr. Humble is now director of the Metrication Board.

*

BELLWAY HOLDINGS has been reconstructed and the following will be directors of the two new companies to be listed on the Stock Exchange: BELLWAY LIMITED—Mr. John Bell (president), Mr. Kenneth Bell (chairman), Mr. John Gibson (managing director), Mr. Ian Addison, Mr. Howard Dawe, Mr. Jock Corscadden and Mr. Collingwood Thompson. NORTH BRITISH PROPERTIES — Mr. John Bell (chairman), Mr. Kenneth Bell (vice-chairman), Mr. Elliott Ward (managing director), Mr. Richard Wilson and Mr. Thompson.

*

Data Recording Equipment has appointed Mr. Manfred Amandi as managing director (Geschaftsfuher) of its German subsidiary DATA RECORDING INSTRUMENT GMBH, based in Munich.

*

Mr. A. P. P. Honigmann has been appointed to the Board of the FRIENDS' PROVIDENT LIFE OFFICE from June 1. He is a partner in Waterhouse and Co. Lord Seebohm and Mr. David Tregoning have retired from the Board of Friends' Provident and Mr. Jan Clark has resigned his directorship.

Mr. Paul Thomson has been appointed a director of BROWSE and DARBY, fine art dealers. He was formerly a director of Sotheby Parke Bernet and Co.

*

DATA RECALL has appointed two non-executive directors to the Board. They are Mr. Bowman Scott and Mr. A. E. Jones.

*

Mr. Ronnie Broome has been appointed chairman and managing director of BOC TRANSHIELD. Mr. David Redmond has been made assistant managing director in anticipation of the retirement of Mr. Charles Russell in October.

*

Mr. Peter Medcalf, joint chairman and joint managing director of Hunt Barnard and Company, has been elected president of the BRITISH PRINTING INDUSTRIES FEDERATION. Mr. John Wood, chief executive of the McCorquodale Group, has become senior vice-president, of the Federation and Mr. C. W. R. (Bill) Snell, junior vice-president. Lord Ebbisham of Cobham has been re-elected honorary treasurer.

Mr. Peter Medcalf

*

Mr. Ray Rayner has been appointed a group director of SEVERN ADVERTISING. He resigned as chairman and chief executive of Harrison Cowley Advertising (Midlands) last October.

*

Mr. Roger Gilmour, managing director of Griffith Laboratories (UK) and Griffith Europe, has been appointed president of GRIFFITH LABORATORIES U.S. He has been succeeded as managing director of Griffith Laboratories (UK) by Mr. Alan H. McHawley, who was general manager.

*

Mr. Peter Nash has been appointed a director of JOHN WILLMOTT HOLDINGS and has resigned from the Board of John Willmott Group. He retains his executive position as deputy to the chief executive of John Willmott Group, Mr. Ian Dixon, who is also managing director of John Willmott Holdings.

*

Mr. I. R. McWilliam has been appointed general manager, BOC CUTTING MACHINES. He succeeds Mr. John Christie, who has been made general manager, BOC Murex Arc Consumables.

*

Mr. Nigel Lawson has resigned as a director of the BRITISH AMERICAN AND GENERAL TRUST following his appointment as Financial Secretary to the Treasury.

*

Mr. Peter S. Latham has been appointed to the Board of JONATHAN WREN AND CO.

*

Mr. M. R. Ashford has joined INNSWORTH METALS as executive director and general manager and Mr. E. Newman has been appointed marketing and sales manager.

*

Mr. Leonard Foy has been appointed group financial controller of BOOSEY AND HAWKES.

*

Mr. James Millar has been appointed managing director of VANESCO HOLDINGS. Mr. Kevin Hogarth has been made general sales manager of Vanesco Limited and Vanesco Export. The parent concern is Arbuthnot Industrial Investments.

*

The BANK OF SCOTLAND has appointed Mr. Ian Robertson to be in Hong Kong with overall responsibility for its Far East operations. Mr. Robertson, an assistant general manager of the international division, will be moving to the Connaught Centre, Hong Kong, where the bank is to open a full branch in July under Mr. John W. Monaghan.

*

Mr. W. J. Long, previously a non-executive director of LOCKWOODS FOODS, has taken on the full-time executive capacity of administrative director.

*

Mr. C. V. Dibb has been appointed chairman of the Bristol Sub Committee of the Midlands and Western Unit Committee of the STOCK EXCHANGE and Mr. D. W. Chanter has become vice chairman. The retiring chairman is Mr. A. J. Lee.

*

Mr. N. Cala-Almeida has been appointed an assistant director of C. E. HEATH AND CO. (LATIN AMERICA).

*

Mr. David M. F. Walters, of Hargreaves Fuel and Shipping, has been elected chairman of the COAL INDUSTRY SOCIETY for 1979-80. Mr. M. J. Sambrook has been made vice-chairman, Mr. J. M. Hann, honorary secretary, Mr. A. H. Ross, honorary treasurer, and Mr. S. E. Brewis, honorary assistant secretary.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	11	1,088	+ 4	1,238	882
Shell Transport	25p	11	754	+14	804	556
Hardy (F'nishers)	25p	10	164	−16	180	35
ICI	£1	10	372	+ 2	415	346
Cons. Gold Fields	25p	9	266	+ 4	268	178
GEC	25p	9	419	+ 1	456	311
Grand Met.	50p	9	152	+ 5	180	112
P. & O. Defd.	£1	9	94	+ 4	94	71
Glaxo	50p	8	477	+ 2	600	462
Tricentrol	25p	8	216	+14	244	148
Allied Breweries	25p	7	96½	+ ½	102	80
EMI	50p	7	110	—	144	100
Fisons	£1	7	263	−10	332	264
Imperial Group	25p	7	94	—	108	82
Racal Electronics	25p	7	477	+ 9	493	337

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 15	May 29	Aug 9	Aug 21
May 30	Jun 11	Aug 23	Sept 4
Jun 12	Jun 25	Sept 6	Sept 18

For rate indications see end of Share Information Service

Quieter conditions in the option market saw calls dealt in M. F. North, Burmah, RHM, Scottish and Newcastle, F.N.F.C. 9½ per cent, Town and City, Talbex, P & O, Lonrho, R. & J. Pullman, MFI, KCA, Burton A, Premier Oil, Spillers, Hay's Wharf, Renold and Clondalkin. No puts were reported, while double options were completed in Sears, Lonrho, London and Northern and Bank and Commercial.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
§115	F.P.	—	200	137½	††Baker (John)	194	+2	12.0	—	8.2	—
§§	F.P.	—	57½	42	Bank Bridge 10p	42	−1	—	—	—	—
‡‡	F.P.	22/6	53	01	Fulcrum Inv. Income	01½	+½	64.0	—	11.6	—
‡‡	F.P.	22/6	4	3	Do. Capital 2½p	3¾	.....	—	—	—	—
¶¶	F.P.	—	117	09	N. British Props (25p)	110	+10	62.5	1.0	3.5	99.6

FIXED INTEREST STOCKS

Issue Price £	Am'unt Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
99¾	F.P.	—	99¾	99½	Cleveland (County of) Var. Rate 1984	99½	......
‖	—	—	53½	52¾	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53½	......
§100	F.P.	4/5	106½p	103p	Grant (James) 10½% Pref.	104½p	......
20p	F.P.	11/5	21¼p	18½p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	18½p	......
**	—	11/5	108p	104p	Lyles (S.) 11% Cum. Pref.	104p	......
72½	—	—	21	70½	MEPC 6½% Conv. Uns. Ln. 1995-2000	75½	+½
100	F.P.	11/5	118½	108	Slough Ests. 8% Cnv. 1991-94	109	+1
**	F.P.	26/4	180p	104p	Tricoville 10¾% Pref.	104p	......
98	£25	23/8	25¼	20	York Water 12% Deb 1980	25	−¼

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing price p‡	+ or −
185	F.P.	3/5	0/6	257	222	Beatson Clark	240	−9
20	F.P.	18/5	8/6	254	232	Brent Chemicals	239	−4
20	F.P.	27/4	1/6	113	92	Crest Nicholson	99	−2
28½	F.P.	14/0	8/6	36½	30½	Davis & Metcalfe 'A'	32	......
25	Nil	—	—	18pm	16pm	Edwards (Louis C.)	18pm	+5
12	Nil	1/6	29/6	2½pm	2pm	Hampton Trust	2½pm	......
5	F.P.	—	—	18	8	Maddock	10	......
34	F.P.	24/4	12/5	59	48	Norfolk Cap. Hotels	49	+1
44	F.P.	19/4	31/5	74	58	Park Place Invs.	62	−1
20	Nil	—	—	12pm	0pm	Provincial Laundries	0pm	−¾
118	Nil	1/6	29/6	6pm	3pm	Pullman (R. & J.)	5pm	......
115	Nil	—	—	21pm	18pm	Scot. Met. Prop.	18pm	......
30	F.P.	27/4	15/6	32	27½	Singlo Holdings	26½	......
455	Nil	4/6	0/7	52pm	32pm	Standard Chartered Bank	36pm	......
175	F.P.	23/5	4/7	249	211	Tricentrol	210	−1
93	Nil	7/0	13/7	12½pm	9½pm	UDS	10pm	+½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. p Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Tues., May 22, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., May 21 Index No.	Fri., May 18 Index No.	Thurs., May 17 Index No.	Wed., May 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	268.02	+0.2	15.90	5.21	8.26	267.47	274.30	277.56	279.12	211.16
2	Building Materials (27)	250.05	−0.1	16.03	5.50	8.33	250.42	255.96	259.24	261.30	189.40
3	Contracting, Construction (28)	405.11	−0.2	21.70	5.31	5.83	405.97	417.81	427.81	430.50	339.17
4	Electricals (14)	654.78	—	11.88	2.92	11.56	654.87	668.78	676.45	681.35	442.33
5	Engineering Contractors (12)	393.95	+0.3	18.28	6.03	6.98	392.64	407.38	412.55	413.80	316.91
6	Mechanical Engineering (75)	197.49	+0.7	17.06	5.87	7.68	196.11	202.13	203.90	204.80	170.48
8	Metals and Metal Forming (16)	181.30	+0.4	17.70	8.57	7.10	180.53	184.45	186.09	186.47	164.87
11	CONSUMER GOODS (DURABLE) (52)	245.40	+0.3	14.39	4.43	9.25	244.57	251.21	254.24	254.20	193.28
12	Lt. Electronics, Radio, TV (16)	335.22	+0.2	11.29	3.16	12.52	334.67	342.84	346.97	346.90	224.55
13	Household Goods (12)	172.54	−0.5	16.04	7.00	8.34	173.36	176.14	178.67	176.04	175.63
14	Motors and Distributors (24)	124.95	+0.9	21.02	6.73	5.90	123.80	128.26	129.74	130.15	124.26
21	CONSUMER GOODS (NON-DURABLE) (171)	248.52	+1.1	14.69	5.36	8.79	245.78	252.12	256.72	259.13	200.31
22	Breweries (14)	285.12	+0.2	13.39	5.28	9.46	284.55	291.49	297.22	298.04	234.36
23	Wines and Spirits (6)	311.27	+1.2	15.09	4.81	9.65	307.45	318.55	327.16	331.45	255.06
24	Entertainment, Catering (17)	330.01	+1.8	14.32	5.80	9.29	324.25	335.67	342.51	347.08	256.06
25	Food Manufacturing (19)	226.21	+0.7	17.28	5.02	7.39	224.57	228.87	230.59	230.80	192.10
26	Food Retailing (15)	300.76	+0.2	11.01	3.99	12.03	300.08	307.72	312.38	314.07	197.84
32	Newspapers, Publishing (12)	464.88	−0.2	20.01	5.51	7.08	465.93	477.67	484.86	485.01	368.98
33	Packaging and Paper (15)	145.30	+0.6	17.97	7.51	7.14	144.45	149.06	150.15	150.54	127.34
34	Stores (41)	251.43	+1.8	10.85	4.02	12.64	246.91	253.26	259.12	263.52	177.53
35	Textiles (23)	179.48	+0.2	18.42	8.68	6.88	179.13	184.11	185.53	185.19	181.79
36	Tobaccos (3)	253.49	+1.6	22.46	8.12	5.11	249.50	254.51	261.12	265.11	257.74
37	Toys and Games (6)	76.47	+1.1	29.98	8.86	4.03	75.63	77.68	77.32	77.15	105.53
41	OTHER GROUPS (99)	218.25	−0.2	14.79	5.85	8.44	218.63	223.62	227.70	229.63	195.84
42	Chemicals (18)	300.23	+0.2	16.76	6.57	6.98	299.71	306.36	312.94	317.03	271.41
43	Pharmaceutical Products (7)	253.33	+0.3	10.85	4.68	11.30	252.60	256.42	262.58	264.55	259.30
44	Office Equipment (6)	132.37	−0.5	15.48	6.20	8.15	133.01	138.36	140.97	141.36	137.26
45	Shipping (10)	465.57	+0.3	10.90	6.60	12.60	463.96	469.72	475.33	478.56	431.34
46	Miscellaneous (58)	256.91	−0.8	15.70	5.64	8.43	258.86	265.58	269.13	270.84	204.35
49	INDUSTRIAL GROUP (494)	253.44	+0.5	15.00	5.37	8.60	252.12	258.46	262.63	264.60	208.29
51	Oils (6)	641.11	+1.2	12.30	3.42	8.64	633.55	645.13	649.85	652.32	498.64
59	500 SHARE INDEX	285.17	+0.6	14.55	5.04	8.61	283.38	290.18	294.44	296.48	232.15
61	FINANCIAL GROUP (115)	199.02	+0.6	—	5.26	—	197.82	202.89	206.52	209.90	163.05
62	Banks (6)	236.81	+0.7	28.12	5.12	4.59	235.25	242.08	247.88	251.60	192.49
63	Discount Houses (10)	241.83	+0.5	—	7.92	—	240.65	249.12	254.49	254.44	200.47
64	Hire Purchase (5)	188.55	+0.7	17.62	4.79	7.31	187.28	191.74	193.79	199.67	146.46
65	Insurance (Life) (10)	162.80	+0.1	—	6.53	—	162.71	166.05	168.77	171.45	139.16
66	Insurance (Composite) (8)	137.88	+1.5	—	6.84	—	135.79	138.29	140.16	142.89	125.68
67	Insurance Brokers (10)	292.17	+0.8	17.22	6.55	8.33	289.38	298.35	302.66	315.35	346.23
68	Merchant Banks (14)	99.97	−0.2	—	5.22	—	100.29	103.64	106.08	106.00	79.39
69	Property (42)	347.45	+0.2	3.26	2.36	47.14	346.68	356.34	360.89	365.73	229.98
70	Miscellaneous (10)	126.15	−0.4	14.78	7.38	8.71	126.68	129.91	133.83	134.57	106.88
71	Investment Trusts (111)	227.94	−0.5	—	5.02	—	229.16	234.37	237.14	237.26	204.06
81	Mining Finance (4)	141.06	+1.8	14.15	5.58	8.58	138.58	140.98	141.83	144.23	96.85
92	Overseas Traders (20)	359.48	−0.1	14.41	7.03	8.71	359.75	364.19	367.11	368.72	313.49
99	ALL-SHARE INDEX (750)	261.56	+0.6	—	5.13	—	260.07	266.27	270.19	272.44	214.28

FIXED INTEREST PRICE INDICES

	British Government	Tues., May 22	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.28	+0.11	—	3.54
2	5-15 years	119.09	−0.21	—	3.15
3	Over 15 years	124.02	−0.25	—	5.31
4	Irredeemables	131.74	—	—	6.98
5	All stocks	115.56	−0.10	—	4.13

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Tues., May 22	Mon., May 21	Year ago (approx.)
1	Low Coupons	5 years	9.93	9.95	8.66
2		15 years	10.76	10.70	11.01
3		25 years	11.29	11.23	11.58
4	Medium Coupons	5 years	11.57	11.59	11.16
5		15 years	12.01	11.97	12.21
6		25 years	12.15	12.11	12.39
7	High Coupons	5 years	11.86	11.88	11.47
8		15 years	12.38	12.34	12.72
9		25 years	12.38	12.36	13.15
10	Irredeemables		11.08	11.08	11.47

		Tues., May 22 Index No.	Yield %	Mon. May 21	Fri. May 18	Thurs. May 17	Wed. May 16	Tues. May 15	Mon. May 14	Fri. May 11	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	81.04	12.17	81.04	81.26	81.34	61.20	61.24	61.40	61.08	67.39
18	Investment Trust Prefs. (15)	52.59	13.40	52.59	52.50	52.20	52.05	52.05	52.05	51.62	[illegible]
17	Coml. and Indl. Prefs. (20)	74.90	12.50	75.14	75.23	75.10	76.11	75.11	75.11	70.32	66.86

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050
Minster May 21 ... 42.2 44.2 — 5.71
Exempt April 30 ... 113.7 117.7 — 5.70

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177
MLA Units ... 54.9 57.7 -3.4 3.67

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521
MJ European ... 73.5 78.3 — 4.30
Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803
Mutual Sec. Plus ... 56.5 60.8 +0.9 6.13
Mutual Inc. Tst ... 77.4 83.3 +0.1 6.96
Mutual Blue Chip ... 48.7 52.6 +0.2 6.19
Mutual High Yld ... 61.2 66.0 +0.2 8.18

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151
Income May 9 ... 189.0 196.0 — 5.07
(Accum. Units) ... 263.0 272.8 — 5.07
Capt. May 9 ... 155.6 161.6 — 2.87
(Accum. Units) ... 191.6 198.6 — 2.87

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200
N.P.I. Gth.Un.Tst ... 54.8 58.3 -5.4 4.75
(Accum. Units)* ... 69.5 73.8 -6.7 4.75
NPI O'seas. Trust ... 129.5 137.1 — 2.55
(Accum. Units)** ... 148.2 148.4 — 2.55
*Prices on May 23. Next dealing June 6.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060
Capital (Accum.) ... 75.0 80.6 +0.3 3.64
Extra Inc. ... 69.1 74.2 -0.1 8.28
Financial ... 37.4 40.2 +0.1 4.85
Growth Inv. ... 94.9 102.0 -0.2 4.42
Income ... 38.0 40.8 -0.1 6.77
Portfolio Inv. Fd. ... 76.0 81.6 +0.2 5.54
Universal Fd.(d) ... 49.0 52.6 +0.5 2.71

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911
Nelstar ... 66.0 69.4 -0.1 4.99
Nelstar High Inc. ... 51.3 53.9 +0.4 7.97

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200
Group Tst. Fd. ... 406.5 427.9 -0.6 4.72

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222
Prudential ... 148.0 157.8 +0.5 4.41

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177
Quadrant Gen. Fd. ... 132.4 138.8 — 3.45
Quadrant Income ... 151.6 156.1 — 7.72

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271
Opportunity Fd. ... 73.1 78.1 -2.9 5.62
Sekforde T. (Acc.) ... 46.8 50.0 -0.1 5.23
Sekforde T. Inc. ... 43.9 47.0 — 5.23

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521
Ridgefield Int. UT ... 86.0 93.0 — 2.60
Ridgefield Income ... 98.0 105.0 — 8.70

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941
N.C. Equity Fund ... 183.5 195.2 +0.4 3.97
N.C. Engy. Res. Tst ... 119.2 126.8 +0.9 2.36
N.C. Income Fund ... 160.7 170.9 +0.4 7.97
N.C. Intl. Fd. (Inc.) ... 81.0 86.1 +0.3 1.62
N.C. Intl. Fd. (Acc.) ... 82.0 87.2 +0.3 1.62
N.C. Smlr Coys Fd ... 195.8 208.3 -2.0 3.77

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066
American May 17 ... 64.0 67.8 — 2.44
Securities May 22 ... 202.5 213.0 -6.0 4.08
High Yield May 18 ... 59.0 62.0 — 8.08
(Accum. Units) ... 88.6 93.1 — 8.08
Merlin May 21 ... 91.1 95.7 — 3.82
(Accum. Units) ... 114.7 120.5 — 3.81

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044
Capital Fd. ... 76.2 80.4 — 3.23
Income Fd. ... 76.4 80.6 — 6.97
Prices at May 15. Next dealing May 31.

Save & Prosper Group♥
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351
International Funds
Capital ... 37.7 40.5 — 2.81
I.T.U. ... 27.2 29.2 -0.2 4.10

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

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[illegible]

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[illegible]

LOANS

Public Board and Ind. — Financial

[illegible]

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
23	22	Antofagasta Rly.	22	—	—	—
40	39	Do. 5pc Pref.	40	—	—	—
98	98	Chilean Mixed	98	—	—	£3.30

BONDS & RAILS—Cont.

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
31	18	Chinese 4½pc 1898	25	—	—	—
35	26	Do. 5pc 1912	26	—	—	—
20	13	Do. 5pc 1925 Boxer	13½	+½	—	—
430	415	German Yng. 4½pc.	430	—	4½	—
52	43½	Greek 7pc Ass.	46xd	—	3½	£7.61
51	46	Do 6pc '28 Stab. Ass.	46	—	6	£6.59
42	40	Do 4pc Mixed Ass.	40	—	4	£5.19
52	42	Hung. '24 Ass.	52xd	—	—	5.10
68	68	Iceland 6½pc '83-88	68	—	—	13.05
90½	78½	Ireland 7¾pc '81-83	88	—	7¾	12.11
87½	69	Do 9¾pc '91-96	85	-¼	9¾	12.13
390	280	Japan 4pc '10 Ass	280	—	—	—
73	65	Do 6pc '83-88	73	—	6.00	10.80
160	135	Peru Ass. 3pc	160	—	3	1.87
75p	75p	S.G.I. 6½pc 1980	75p	—	6½	8.67
S94½	S94½	Turin 9pc 1991	S94½	—	9	9.53
DM91	DM91	Turin 6½pc 1984	DM91	—	6½	8.45
97	95	Uruguay 3½pc	97	—	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 25% (based on US$2.0432 per £) Conversion factor 0.8003 (0.8035)

CANADIANS

[illegible]

S.E. List Premium 25% (based on $2.3656 per £)

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INSURANCE

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Yld Gr's
14	9	Acmex	11	—	—	—	—
171	128	Bougainville 50 Toea	135	+2	Q15c	1.0	6.9
140	84	BH South 50c	98	+1	—	—	—
540	340	Central Pacific	510	—	—	—	—
318	220	Conzinc Riotinto 50c.	236	+10	§Q10c	2.0	2.6
36	21	Coltos Pacific N.L.	23	—	—	—	—
21½	13	Endeavour 20c	13	–½	—	—	—
98	62	G.M. Kalgoorlie $1	88	+5	Z03c	—	2.0
42	23	Haoma Gold N.L.	27	—	—	—	—
174	148	Hamptn Areas 5p.	174	+2	¢3.55	2.0	3.0
60	25	Metals Ex. 50c	60	+1	—	—	—
275	197	M.I.M. Hldgs. 50c	215	+3	†Q9c	1.7	2.4
15	15	Minefields Expl.	15	—	—	—	—
74	38	Mount Lyell 25c	48	—	—	—	—
44	17	Newmetal 20c	18	—	—	—	—
141	100	North B. Hill 50c	108xd	+2	†Q8c	1.3	4.2
22	11	Nth. Kalgurli	17½	+1	—	—	—
40	22	Nth. West Mining	25	—	—	—	—
137	84	Oakbridge $A1	84	—	Q12c	1.9	8.3
37	22	Otter N. L.	24	—	—	—	—
120	58	Pacific Copper	86	–1	—	—	—
£10¼	625	Pancont'l 25c	675	+25	—	—	—
25¾	17	Paringa M&Ex. 5p	17	—	—	—	—
510	330	Peko-Wallsend 50c.	340	–3	Q15c	3.3	2.5
215	145	Southern Pacific	200	—	—	—	—
188	139	Westn. Mining 50c.	158	+1	†Q3c	0.7	1.1
11	9	Westmex	10	—	—	—	—
65	50	Whim Creek 20c	55	—	—	—	—

TINS

1979 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Yld Gr's
30	25	Amal. Nigeria	28	—	2.81	1.3	15.0
435	310	Ayer Hitam $M1	350	+5	Q300c	0.9	18.4
72	51	Beralt Tin	61	—	4.0	ϕ	9.8
270	200	Berjuntai $M1	235	+5	†Q170c	1.0	11.1
160	145	Geevor	155	—	H5.57	5.8	5.4
10½	8	Gold & Base 12½p	10½	—	—	—	—
365	295	Gopeng Cons.	360	—	†18.0	1.4	7.5
360	295	Hongkong	360	—	12.5	2.8	5.2
96	64	Idris 10p	96	+1	8.0	ϕ	12.4
14	9½	Jantar 12½p	14	—	—	—	—
95	66	Kamunting $M0.50	90	—	†Q12.5c	2.1	3.0
620	210	Killinghall $M1	345	—	—	—	—
465	365	Malay Dredging $M1	430	—	†175c	0.7	8.7

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

$29½	$18¼	Vaal Reefs 50c	$29½	+⅞	Q280c	2.7	10.9
$41	$28⅜	West Drie R1	$41	+¾	†Q385c	1.7	10.8
$30⅞	$22¼	West Hldgs. 50c	$30⅞	+½	†Q415c	1.4	15.6
$14½	$10⅜	Western Deep R2	$14½	+⅜	Q147½c	2.3	11.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	29		Sheff. Refrshmt	85	
Ash Spinning	105		Sindall (Wm.)	142xd	
Bertam	26				
Bdg'wtr. Est. 50p	415		IRISH		
Clover Croft	28		Conv. 9% '80/82	£93¼	–½

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday May 23 1979

UK takes new Rhodesia initiative

BY MARTIN DICKSON

BRITAIN is to send a senior official to Salisbury to develop "the closest possible contact" with the new Government there, and is also dispatching a high-level emissary for fresh consultations with black African states.

This new Rhodesia initiative was announced yesterday in the Lords by Lord Carrington, the Foreign Secretary.

He also gave details of a new British move on the Namibia (South West Africa) dispute—Mr. Richard Luce, a junior Foreign Office Minister specialising in African affairs, will leave tonight on a tour of three African capitals to examine the prospects for an internationally negotiated settlement in Namibia.

Lord Carrington informed Mr. Cyrus Vance, the U.S. Secretary of State, of these moves when the two men met in London on Monday.

They will hold a second round of discussions today in an attempt to formulate a new joint strategy on Rhodesia, amid mounting pressures in both countries for a lifting of sanctions.

The Foreign Secretary told the Lords that for too many years Britain had had no adequate means of informing itself of the situation in Rhodesia or of exercising a direct influence there.

Second envoy

He would, therefore, be sending a senior Foreign Office official to Salisbury to "stay there for as long as necessary to maintain and develop the closest possible contact with Bishop Muzorewa (Prime Minister-elect) and his colleagues and to report to me, travelling between London and Salisbury as often as the need arises."

Reiterating that the Government wants Rhodesia to achieve a return to legality in "conditions of the widest possible international recognition," Lord Carrington said that a second envoy would be sent to black Africa to consult Commonwealth and other Governments there. Although the Foreign Secretary did not say so, this envoy is also likely to meet representatives of the Patriotic Front guerrilla movement.

On Namibia, the Foreign Secretary reiterated Britain's support for the five-power Western peace plan, which now seems on the point of collapse as South Africa moves towards a unilateral solution.

Tony Hawkins adds from Salisbury: Two candidates were nominated yesterday as first President of the new state of Zimbabwe (Rhodesia). The favourite for this non-executive post is Mr. Josiah Gumede, nominated by Bishop Muzorewa's United African National Council. His opponent, nominated by the small United National Federal Party, is Mr. Timothy Ndhlovu.

Parliament, Page 13
Future on Namibia, Page 6

Unemployment falls as vacancies rise

BY DAVID FREUD

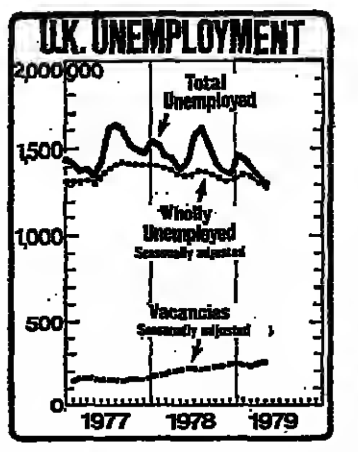
UNEMPLOYMENT in the UK fell in May for the third successive month. The underlying improvement since the end of 1977 seems to be continuing, although at a somewhat slower pace.

The Department of Employment said yesterday that the number of adults out of work fell by 20,700 to 1.31m in the month to mid-May on a seasonally adjusted basis. This was equivalent to 5.4 per cent of the national workforce.

The drop brings the adult unemployed total to the lowest level since October 1976 and 128,200 below the post war peak of September 1977.

According to officials the figures suggest that the steady decline from the September 1977 peak has continued into this year.

In the last three months the fall in the numbers out of work has more than counterbalanced the rise in January and February, when the figures were affected by the bad weather and industrial disputes.



Taking the last five months as a whole the numbers of unemployed fell at a much slower rate than in the previous 12 month period.

Vacancies also suggest the underlying position continued to improve steadily.

The number of vacancies notified to employment offices, estimated at about a third of the total, rose 12,000 to 257,300 in the latest month on a seasonally adjusted basis. This was the highest level since November 1974.

Another encouraging sign is the relatively small number of school-leavers unemployed after the end of the spring term.

About 39,300 school-leavers were on the register in mid-May, some 18.5 per cent fewer than at the same time last year, even though officials estimate that more pupils left school this Easter than last.

A rundown in several of the government measures to preserve jobs means that the numbers kept off the registers artificially fell this month by 6,000, to 170,000. At the same time last year these measures were estimated to be keeping 230,000 people off the registers.

The unadjusted UK unemployment total dropped by 40,900 to just below 1.3m for the first time since May 1976.

The drop in Great Britain was 40,840 to 1.24m, or 5.2 per cent of the workforce.

Less unemployment in the South East, P12

Gessler Commission seeks reduction in banks' powers

BY ROGER BOYES IN BONN

THE GESSLER Commission, which has been investigating West German banking practices for five years, has come up with a wide-ranging set of proposals aimed at reducing the banks' considerable power over German industrial companies.

Herr Hans Matthoefer, the Finance Minister, announced yesterday the Government would now consider the proposals and decide which reforms, if any, it should implement.

The commission was set up in the wake of the collapse of the Herstatt Bank of Cologne in 1974, after heavy foreign exchange losses. The collapse echoed through the international banking system for many months. The commission's main recommendation is that banks should be restricted to a 25 per cent "plus one share" holding in non-banking concerns. This phrasing is to allow the banks to take advantage of German corporation law which gives certain tax advantages and veto rights to holdings of over 25 per cent.

The 25 per cent level will disappoint some critics of the German banking system. The Monopoly Commission, for instance, has urged banks should not normally have more than a five per cent stake in any company, and that if they did, they should not be allowed to exercise voting rights above that percentage.

Count Otto Lambsdorff, the Economics Minister, has suggested a 15 per cent ceiling could be placed on bank holdings in non-banking companies.

This type of disagreement was clearly reflected in the commission. Five of its 11 members are understood to have been in favour of limiting the banks' acquisitions and holdings to 10 per cent of the capital of the enterprise.

Some banks, notably the Bayerische Vereinsbank, have suggested that any attempt to force the banks to divest their holdings would be unconstitutional — by breaching the right to own property — but on the whole the major banks seem to be reconciled to the 25 per cent limit. Indeed many of them, in anticipation of the Gessler findings, have already begun to sell some of their holdings.

The Gessler Commission recommends that, to make divestment easier for the banks, there should be a transitional period of eight to 10 years. Income tax on profits from sales during that period should also be scrapped or at least substantially reduced.

Two other aspects of the banks' industrial influence were tackled by the Commission.

The bankers' proxy voting rights — the so-called depotstimmrecht — should be maintained, the report says. The Commission appeared to be divided, however, over the use of "special compulsory instructions" to guide the banks when using their proxy votes at shareholders' meetings.

Details Page 3

Eire faces monetary chaos

BY STEWART DALBY IN DUBLIN

THE 13,000-member Irish Bank Officials' Association decided yesterday to stop handling transactions involving the exchange of Irish punts into sterling. The action, due to start next Monday, could threaten the Republic with monetary chaos.

It follows the rejection of a 4 per cent pay increase offered to bank workers in the Republic for handling the extra work involved in sterling/punt transactions after the break between the currencies in March.

The action, which will also be taken by workers in the four Irish affiliated banks in Northern Ireland, comes on top of a 14-week postal strike in the Republic which has meant no cheques have been delivered.

It could cause complications in cross-border trade between Northern Ireland and the Republic because it was made clear in Northern Ireland yesterday that cheques drawn in punts for goods received from the Republic would not be posted.

Imports from the south are thought to be in the order of £500m a year, although the last published figurca were for cjuha?jfourm esterded onevoy 1977

Three-quarters of the Republic's trade was transacted in sterling until the break last March.

Chemical companies hit by oil shortage

By Sue Cameron, Chemicals Correspondent

MORE UK chemical companies are being forced to curtail production because of a shortage of the fuel oil used to power their plants, the Chemical Industries Association said yesterday.

The association stressed that the fuel oil position was "deteriorating." It said that 25 chemical companies had now been forced to cut back their production while another 35 would soon be affected "unless there is a sharp improvement in fuel oil supplies."

Impossible

Some companies had "scoured Europe" for extra fuel oil supplies but most of them had not been successful in finding any. They were now "bleeding." Chemical companies in the North seemed to have been the worst hit. Some were suffering from a shortage of diesel fuel and were finding it impossible to operate their lorry fleets normally.

Several companies were planning to bring new plants on stream this summer but it now seemed unlikely they would be able to find the fuel to power them. The association said the companies, whose new plants would not now be able to open, were mainly in the pharmaceuticals and organics field. They were medium-sized concerns rather than the chemical majors.

Sympathetic

It added that it had sent a delegation to the Government to discuss the problem last week and had been given a "sympathetic" hearing. But energy ministers had not suggested any firm plans for helping chemical concerns to reach a solution.

Weather

UK TODAY

Rainy, cool.

S., E., N.E. England, Midlands, S. Wales

Sunny intervals between showers, some heavy with thunders. Max. 14C (57F).

N. Wales, N.W. England, S.W. Scotland, N. Ireland

Outbreaks of rain at first, then sunny intervals and showers, some heavy. Max. 12C (53F).

E., Cent. Scotland

Rain, sometimes heavy; showery later. Max. 11C (52F).

N. Scotland, Orkney and Shetland

Rain at times, some heavy. Max. 10C (50F).

Outlook: Showers, some prolonged, and sunny intervals. Cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	L. Plms.	F	18	66
Algiers	S	23	73	Lisbon	F	18	64
Amsdm.	C	18	81	Locarno	C	20	68
Athens	a	25	77	London	F	14	57
Bahrain	S	40	106	Luxmbg.	C	14	57
Barcina.	C	20	68	Madrid	S	21	70
Beirut	S	22	72	Majorca	S	23	73
Belfast	F	11	52	Malaga	S	22	72
Belgrd.	S	24	75	Malta	a	22	72
Berlin	S	21	70	Mchstr.	S	12	54
Biarritz	S	18	61	Melbne.	a	15	59
Bmghm.	F	13	55	Milan	S	22	72
Blackp'l	C	13	55	M'ntreal	S	13	56
Bordx.	C	17	63	Moscow	a	17	63
Boulgn.	S	14	57	Munich	S	22	72
Bristol	C	10	50	Nairobi	C	23	73
Brussels	C	14	57	Naples	a	21	70
Budpst.	C	23	73	Nwcstl.	F	12	54
B. Aires	S	13	56	N. York	S	18	65
Cairo	S	30	86	Nice	S	18	66
Cardiff	C	10	50	Nicosia	F	22	72
Cas'b'ca	C	20	68	Oporto	F	18	61
Cape T.	C	18	64	Oslo	C	12	54
Chicago	C	14	58	Paris	C	14	57
Cologne	C	16	61	Perth	C	15	53
Cpnhgn.	S	14	57	Prague	C	18	61
Corfu	S	24	75	Reykjvk.	C	2	36
Dublin	S	12	54	Rio J'o	S	34	93
Dbrvnk.	C	22	72	Rome	S	23	73
Ednbgh.	F	13	55	Salzb'rg	S	25	77
Faro	S	21	70	Singapr.	C	26	79
Florence	S	22	72	Stckhm.	C	14	57
Frankf't	R	14	57	Strasb'g	C	15	59
Funchal	C	19	66	Sydney	C	17	63
Geneva	C	16	61	Tangier	C	20	68
Gibrltr.	S	22	72	Tehran	S	23	74
Glasgow	C	10	50	Tenerife	C	14	57
G'nsey	S	12	54	Tokyo	C	25	77
Helsinki	C	22	72	Toronto	S	12	54
H. Kong	S	27	80	Tunis	S	23	73
Innsbr'k	S	22	72	Valencia	S	22	72
Invrnse.	F	14	57	Venice	S	22	72
I.o.Man	F	11	52	Vienna	S	24	75
Jersey	F	12	54	Warsaw	S	24	75
Jo'burg	S	18	64	Zurich	S	18	66

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.

THE LEX COLUMN

Second helping for Tilling

Index rose 6.9 to 517.6

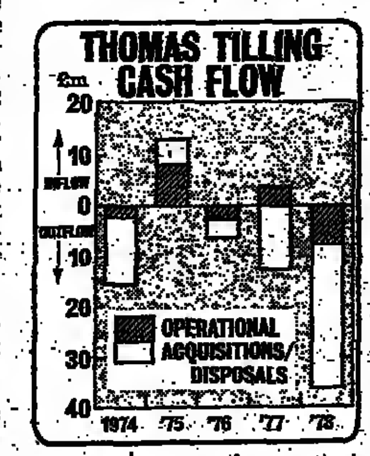
Thomas Tilling's second rights issue in two years — it is raising £59m through a one-for-five offer at £138p — is evidence of just how much the group has changed its spots. The Tilling management in the early 1970s tended to be cautious and to think in terms of managing a finite portfolio of resources. Though stuck like many other companies with high gearing in 1975, it declined to take the rights issue escape route at that stage, but cured its balance-sheet problems through spending restraint and the sale of Volkswagen (GB).

Now, however, Tilling is infected with the growth bug. It believes it must build up a major operation in the U.S., and in two years it has bought nine American businesses for some $180m, a sum not unadjacent to the total of £93m raised from shareholders in May 1977 and currently.

Tilling has a good record, and the shares have performed well since the last issue (a one-for-four at 80p). Its acquisitions appear to have been bought to give reasonably high returns of at least 20 per cent pre-tax, and its refusal to be committed to expensive deals like the Yale purchase indicates a value for money approach. At the same time, it has only had control for a year or less, so it is essentially asking its shareholders to make an act of faith in its ability to translate itself into an international group.

Here the inadequacies of the London market's rights issue mechanism become glaringly obvious. Tilling is raising money now for opportunistic reasons (though it has not been lucky with the market climate, and the shares tumbled 13p to 150p on the news). It talks the usual contradictory gobbledegook about its existing resources being adequate, although on the other hand £59m comes in useful.

Most strikingly, there is no first half profits forecast apart from a warning about the effect of the hard winter and industrial disruption (but Tilling is now "fast catching up"). There is no indication of what its U.S. activities will earn in 1979—although, to be fair, its verbal comment on its plans is more elaborate than in most rights issue documents. Finally, Tilling is asking for yet another increase in its authorised capital to retain "flexibility" though it is keeping below the 25 per cent headroom above which, apparently, the institutions start to grumble.



British companies raising money from shareholders do not like getting involved with tiresome commitments and forecasts which have to be honoured, and do not want to have to justify their future actions to an extra-ordinary meeting. But it is surprising that shareholders are willing to take so much on trust.

Debenture Corp.

The Debenture Corporation has won the first round. The Airways Pension scheme yesterday, admitted that it had received acceptances for less than half the Debenture equity. The pension funds appear to have crossed over to the enemy camp in force but the rank and file private investors have not been so quick to desert.

However, the Airways is putting on a brave face. It thinks the level of acceptances is "encouraging," and is extending the offer until June 1. Postal delays and bank holidays have been a problem and the Airways is confident that it will get over the 50 per cent acceptance level in the next few days.

However, bare 50 per cent control is not sufficient in itself to meet a pension fund's objectives. Ideally it needs 90 per cent acceptances, after which it can compulsorily buy out the minority and do whatever it wishes with the trust. But as other pension funds have found to their cost, getting the minority to accept can prove tricky. The National Coal Board, for one, is stuck with an awkward outside 18 per cent in British Investment Trust.

British Rail Pension Fund slogged it out with the Edinburgh and Dundee Investment Trust and managed to get o[...] 90 per cent without chang[...] the terms in 1977. Howev[...] investment trust manageme[...] have learned a thing or t[...] since then, and it is unlik[...] that the Airways will be a[...] to win control in this c[...] without the Board's recomm[...]dation.

Fisons

There was good news and [...] news at Fisons AGM yesterd[...] and it was the bad news t[...] caught the market's atten[...] and left the shares, alre[...] weak, 10p lower at 288p. Nob[...] had been expecting great thi[...] of Fisons' first-half profits, [...] the forecast of substantia[...] lower figures came as a sho[...] strikes and bad weather notw[...]standing. Last night analy[...] were talking in terms of so[...] thing like £8m pre-tax for [...] first half, against £12m in [...] same six months of 1978. It [...] looks most unlikely that Fis[...] will improve on last ye[...] £22.9m pre-tax for 1979 as [...] whole.

The good news is that Fis[...] is at an advanced stage in [...] development of an ora[...] administered anti-allergic dr[...] Many other companies have b[...] researching in this field, [...] yesterday's statement sugg[...] that Fisons is in the lead, w[...] what could be a very signific[...] product for the company. [...] even assuming that the drug [...] a trouble-free run it is unli[...] to be launched until 1981 [...] any major profit contribut[...] would probably have to w[...] until the mid-1980s.

Fisons' stockholder sur[...] bears witness to its admira[...] record of taking an interest [...] its small shareholders and th[...] welfare. At yesterday's m[...]ing, though, it got preci[...] little thanks for its pains, [...] the chairman found himself [...] ing a stream of hostile q[...]tions. The overall impress[...] was that the shareholders w[...] too worried about the depre[...]tion of their investment to [...] appeased by a drink and a [...] of compost.

Almost the only question [...] covered by the stockholder s[...]vey was the price at which [...]vestors had bought their sha[...] —in some cases doubl[...] around £4. Now, assuming [...] changed profits this year, Fis[...] is rated on a most [...] glamorous basis, with a fu[...] taxed p/e of 9—5½ on repor[...] earnings—and a prospect[...] yield of nearly 9 per cent. [...] disillusionment with the sha[...] is deep and the unhappy [...]terim figures are still to co[...]

Continued from Page 1

Algeria seeks further rise in oil price

tage of the tight market to increase its prices by $3.74 a barrel, bringing its Saharan blend up to $18.55 a barrel.

If the oil companies accept the new Algerian price level—and with the present scramble after crude oil supplies they appear to accept that they have little choice—increases will probably follow soon in the prices charged by Nigeria and Libya. In turn the price of North Sea crude would rise by a similar amount as this is traditionally linked to prices charged for the light, low sulphur African crudes.

Saudi Arabia indicated yesterday that it would try to bring some unity back to OPEC's chaotic price structure. But it appears that it will have little alternative at the next OPEC meeting in June to bringing the price of its crude more in line with the prices now being charged by other OPEC members.

Senior oil industry executives are suggesting that the price of the marker crude could reach $20 a barrel by the end of the year. According to Dr. Fahdil Chalabi, the deputy secretary general of OPEC, the base price should now be more than $19.50 a barrel—$5 more than the present price of Saudi Arabian Light—in order to "offset the eroding effect of the rising prices of exports of OECD countries as well as the depreciating dollar."

An increase of this size would mean a rise of more than 53 per cent in the basic crude oil price since the end of last year.

David White in Paris writes: The International Energy Agency is to discuss with oil companies ways of helping Sweden out of its current supply difficulties. Sweden applied yesterday for selective implementation of the agency's so far unused oil-sharing scheme, bnt other countries proposed informal assistance instead.

Ministers from the major consuming countries meeting here did not take up the Danish proposal for the agency to bring in its generalised sharing scheme before the trigger of a 7 per cent shortfall was reached.

The Ministers from the 20 Western countries belonging to the agency, supported nuclear energy programmes and plans for making greater use of coal in order to meet future needs. Nuclear plant construction had to be kept up to schedule and increased "whenever possible." they said in a communique.

Mr. James Schlesinger, U.S. Energy Secretary, said the U.S. and other countries had to avoid further curtailment of nuclear plans, which were indispensable for meeting energy needs in the 1980s and 1990s despite concern about nuclear safety.

In the face of increasing oil supply problems, Ministers stressed the need to develop other energy sources particularly coal. They hope that expanded coal use will save 1.3m barrels of oil per day by 1985.

The U.S. and other members set up a series of research projects into coal development including mixtures of coal and oil. Agreements were also made on research into energy conservation, enhanced oil recovery and new energy sources.

For the short term tha meeting stuck to the agency's target set in March, of reducing members' demand on the world market by 2m barrels a day or about 5 per cent. They pledged immediate steps to meet the target either by price policies voluntary programmes, or mandatory action "where necessary."

Mr. Schlesinger hit back at countries which had blamed the U.S. for keeping the agency below its overall restraint target. "The U.S. has a significant responsibility. It does not, however, have an exclusive responsibility," he said.

He said the meeting would help by "dissipating illusions in the U.S. Congress about the urgency of the oil issue."

Mr. Schlesinger warned that Western countries would be heading for huge unemployment problems and social and political instability if they failed to make better use of available energy and alternative energy sources, in response to the expected levelling off of OPEC supplies.

Times bid from 18 nations

BY JOHN LLOYD

THIRTY PRINTING companies from 18 countries, mainly in Europe, have bid for the contract to print The Times international edition, Times Newspapers said yesterday.

The bids have been unsolicited, and have come in to Times Newspapers since the company abandoned plans to print in Frankfurt after one attempt late last month was halted hy pressure from the German print union, IG Druck und Papier. Only a few thousand copies were printed.

Mr. Dugal Nisbet-Smith, Times Newspapers' general manager, said last night that the preferred solution remained that of printing at the papers' offices in Grays Inn Road, London. "But it is encouraging to know thet so many people want to print The Times," he said.

The offers were being studisd carefully, hut there were no immediate plans to pursue any of them further.

Mr. Nisbet-Smith said that while contact had been maintained between The Times management and the Department of Employment, the company had not asked Mr. James Prior, the Employment Secretary, to intervene in the dispute. So far as he knew, Mr. Prior had no intentions of making an initiative.

The Times and the Sunday Times, with the Times supplements, have now been off the streats for nearly six months.

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